

**Description of Treasury Corporation of Victoria**

## TREASURY CORPORATION OF VICTORIA ("TCV")

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All references to Australia or the Commonwealth herein are to the Commonwealth of Australia.

Unless otherwise indicated, dollar amounts hereafter in this Prospectus are expressed in Australian dollars.

The fiscal year of TCV and the Government of Victoria ends on June 30. The fiscal year ended June 30, 2002 is referred to in this Prospectus as "2001-2002" and other fiscal years are referred to in a similar manner. The fiscal year of the Victorian Public Authorities Finance Agency also ended on June 30. References to years not specified as fiscal years are to calendar years.

References to tonnes herein are to metric tonnes, each of which equals approximately 2,205 pounds or 1.102 short tons. Measures of distance referred to herein are stated in kilometers, each of which equals approximately 0.62 miles. Measures of natural gas referred to herein are stated in cubic meters; one cubic meter equals approximately 35.3 cubic feet. Measures of area referred to herein are stated in square kilometers; one square kilometer equals 0.3861 square miles.

Any discrepancies in tables between totals and sums of components are due to rounding.

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TCV is a financial institution established by the Government of Victoria on January 1, 1993 to manage all of the public sector debt funding requirements for the State of Victoria (the "State") and to provide financial services and advice to the State and its various public authorities.

TCV is the successor in law to the Victorian Public Authorities Finance Agency ("VicFin") and on January 1, 1993 succeeded to the property, rights, assets and liabilities of VicFin. TCV has also assumed responsibility for the borrowing and refinancing programs of the Victorian Government and its public authorities within domestic and international markets.

Pursuant to the provisions of the Treasury Corporation of Victoria Act 1992 (the "TCV Act"), by which TCV was established, its principal functions are to obtain financial accommodation within or outside Australia and to on-lend to the Budget Sector of the State of Victoria or various public authorities ("Participating Authorities") of the State of Victoria. TCV also provides other financial services and enters into financial arrangements for purposes of risk management.

Under the TCV Act any body that was a Participating Authority of VicFin prior to the commencement of the TCV Act is taken to be a body accepted as a Participating Authority by TCV. A "public authority" may become a Participating Authority under the TCV Act by giving notice in writing and being accepted as a Participating Authority by TCV. A public authority under the TCV Act includes an agency or instrumentality of the State of Victoria established by or under an Act of the Victorian Parliament, a body established by an Act of the Victorian Parliament a member of which, or a member of the governing body of which, is appointed by the Governor in Council or by a Minister, a body established by an Act of the Victorian Parliament that is financed wholly or in part from public money, or an agency prescribed by regulations made under the TCV Act which is either a body all the voting shares in which are owned by or on behalf of the State of Victoria, whether directly or indirectly, or by a trustee of a trust of which the State of Victoria is the sole beneficiary.

As at June 30, 2002, there were 64 Participating Authorities, in addition to the Budget Sector (State of Victoria). Those entities with the largest volume of TCV loans were the Budget Sector of the State of Victoria and the public sector water authorities.

TCV is also empowered to acquire property, to sell, mortgage or grant a lease of property held by TCV, to carry out such functions or provide such financial services in relation to any liabilities or financial assets of the State of Victoria or a participating authority as the Treasurer of Victoria (the "Treasurer") determines and to make submissions or recommendations or give advice to the Treasurer on the liabilities or financial assets of the State of Victoria.

TCV's activities during 2001-2002 were concentrated on servicing the borrowing needs of the State and participating authorities and providing a full range of treasury products and financial services to clients. During 2001-2002 gross debt decreased to \$12.6 billion while investments and cash holdings reduced to approximately \$6.0 billion (2000: \$6.6 billion).

TCV's borrowings and securities are guaranteed by the Government of Victoria. See "Public Finance—Financial Agreement".

The TCV Act provides for TCV to have a Board of Directors which is responsible for the management of the affairs of TCV and may exercise the powers of TCV. The Board shall consist of the Chief Executive Officer (Managing Director) of TCV and not less than five and not more than seven other directors. The Chief Executive Officer is appointed by the Board with the approval of the Treasurer of Victoria for such term not exceeding five years as is specified in the instrument of appointment. A director, other than the Chief Executive Officer, is appointed by the Governor in Council (the Governor of Victoria, who is the representative of the Crown, acting on the advice of, and sitting in Council with, members of the Ministry of the Government of Victoria) acting upon the recommendation of the Treasurer of Victoria, for such term not exceeding three years as is specified in the instrument of appointment. The Chief Executive Officer and other directors are eligible to be re-appointed. The Treasurer must appoint one of the directors as Chairperson of the Board and one as the Deputy Chairperson. A person who is the Chief Executive Officer cannot be appointed Chairperson or Deputy Chairperson.

An appointed director ceases to be a director upon bankruptcy or unauthorized absence from three consecutive, duly notified meetings of the Board. The Governor in Council may also remove an appointed director from office. The office of the Chief Executive Officer becomes vacant if the Chief Executive Officer becomes bankrupt or is convicted of an indictable offense. The Board may remove the Chief Executive Officer from office.

The current directors of TCV are:

Mr. Ian N. Ferres (Chairman)  
Mr. John F. Astbury (Deputy Chairman)  
Mr. David T. Craig  
Ms. Jane Cutler  
Mr. Michael Hirst  
Ms. S. Carolyn H. Kay  
Mr. Michael Dontschuk (Managing Director)

Mr. Ferres, formerly Chairman of VicFin, was appointed upon the recommendation of the Treasurer of Victoria with effect from January 1, 1993 and has since been reappointed. Mr. Ferres is Group Managing Director of Australian Unity Ltd.

Mr. Astbury was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria as from August 22, 2000. Mr. Astbury is also Director, MIM Holdings and Insurance Australia Group and a member of the Advisory Council of Freshfood Australia Holdings Pty. Ltd.

Mr. Craig was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria as from August 22, 2000. Mr. Craig is also Director, ANZ Staff Superannuation (Australia) Ltd, and VicSuper Pty. Ltd, and a member of both the Compliance Committee of Merrill Lynch Investment Management Ltd. and the Industry Advisory Committee of Lazard Asset Management Pacific Co.

Ms. Cutler was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria as from February 1, 2002. Ms. Cutler is Managing Director and Chief Executive Officer of Plum Financial Services.

Mr. Hirst was appointed by the Governor in Council on the recommendation of the Treasurer as from 4 September, 2002. Mr. Hirst is also Executive Director, Sandhurst Trustees Limited and Director, Bendigo Investment Services, Stadium Operations Limited and Barwon Health.

Ms. Kay was appointed by the Governor in Council on the recommendation of the Treasurer of Victoria as from April 15, 1998. Ms. Kay is also Director, Victorian Funds Management Corporation Commonwealth Bank of Australia and Mayne Group Limited, Deputy Chairperson, Arts Foundation, National Gallery of Victoria and Advisory Director, Morgan Stanley.

Mr. Dontschuk, upon appointment as from September 4, 2000 as Chief Executive Officer of TCV, pursuant to Section 24 of the Act, became Managing Director of TCV pursuant to Section 11 of the Act.

The outstanding borrowings undertaken by participating authorities and the State of Victoria from TCV, as at June 30, 2002, are set forth in "Tables and Supplementary Information—Debt of Participating Authorities and State of Victoria to Treasury Corporation of Victoria".

The following sets forth the international debt issued by TCV since June 30, 2002 and outstanding at December 31, 2002:

**Bond Issues**

Nil.

**US\$3,000,000,000 Euro Medium Term Note Program**

Nil.

**A\$2,000,000,000 Euro Commercial Paper Multi-currency Program (Hong Kong)**

A\$341,400,000  
HK\$593,000,000  
US\$9,000,000

The financial statements of TCV, comprised of a Statement of Financial Performance, a Statement of Financial Position, a Statement of Cash Flows and notes to the financial statements, are set forth in "Tables and Supplementary Information".

For detailed information on the total outstanding indebtedness of TCV, see "Tables and Supplementary Information".



AUDITOR GENERAL  
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers and the Members of the Board of Treasury Corporation of Victoria

**Audit Scope**

The accompanying financial report of Treasury Corporation of Victoria for the financial year ended 30 June 2002, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and the Members of the Board as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the Corporation's financial position, financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of Treasury Corporation of Victoria as at 30 June 2002, its financial performance and cash flows for the year then ended.

By:           /s/ J. W. CAMERON            
J. W. CAMERON  
*Auditor-General*

MELBOURNE  
Date: September 2, 2002

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*Auditing in the Public Interest*

**STATEMENT OF FINANCIAL PERFORMANCE**

For the year ended 30 June 2002

|   | <u>Note</u> | <u>2002</u>     | <u>2001</u>      |
|---|-------------|-----------------|------------------|
|   |             | \$000's         | \$000's          |
| <b>Revenue from Ordinary Activities</b>           | 1(b), 2     |                 |                  |
| Interest Revenue                                  |             | 927,508         | 1,087,187        |
| Realised and Unrealised Market Movements          |             | 21,424          | 53,930           |
| Administrative Fees and Recoveries                |             | 9,122           | 9,081            |
| <b>Total Revenue from Ordinary Activities</b>     |             | <u>958,054</u>  | <u>1,150,198</u> |
| <b>Expenses from Ordinary Activities</b>          | 2           |                 |                  |
| Interest expense on borrowings                    |             | 929,225         | 1,117,924        |
| Other Borrowing Related Expenses                  |             | 1,416           | 3,329            |
| Administration Expenses                           |             | 13,553          | 11,808           |
| <b>Total Expenses from Ordinary Activities</b>    |             | <u>944,194</u>  | <u>1,133,061</u> |
| <b>Net Profit (Loss) from Ordinary Activities</b> |             | <u>13,860</u>   | <u>17,137</u>    |
| <b>Retained earnings—Opening Balance</b>          |             | <u>19,191</u>   | <u>2,054</u>     |
| Dividend  | 4           | <u>(17,000)</u> |                  |
| <b>Retained earnings—Closing Balance</b>          |             | <u>16,051</u>   | <u>19,191</u>    |

This statement should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2002

|   | Note         | 2002<br>\$000's   | 2001<br>\$000's   |
|---|--------------|-------------------|-------------------|
| <b>Assets</b>                               |              |                   |                   |
| Cash assets                                 | 5            | 2,645,698         | 3,535,335         |
| Receivables and prepayments                 |              | 4,538             | 7,615             |
| Accrued interest receivable                 |              | 254,740           | 390,121           |
| Investments                                 | 1(h),1(d), 6 | 3,338,148         | 3,113,391         |
| Derivative financial instruments receivable | 1(c),14      | 2,764,815         | 7,279,539         |
| Loans to Participating Authorities          | 7, 10        | 8,969,752         | 9,031,962         |
| Property, plant and equipment               | 1(i), 8      | 3,013             | 2,265             |
| <b>Total Assets</b>                         |              | <b>17,980,704</b> | <b>23,360,228</b> |
| <b>Liabilities</b>                          |              |                   |                   |
| Payables                                    |              | 3,744             | 2,132             |
| Accrued interest payable                    |              | 325,350           | 509,885           |
| Provisions                                  | 1(j), 24     | 1,043             | 852               |
| Derivative financial instruments payable    | 1(c),14      | 2,654,734         | 6,830,426         |
| Deposits from public sector                 | 9, 10        | 2,311,320         | 2,670,934         |
| Borrowed funds—Domestic                     | 1(h),11      | 9,570,990         | 9,986,132         |
| Borrowed funds—Offshore                     | 12           | 2,982,472         | 3,225,676         |
| <b>Total Liabilities</b>                    |              | <b>17,849,653</b> | <b>23,226,037</b> |
| <b>Equity</b>                               |              |                   |                   |
| Contributed Equity                          |              | 30,000            | 30,000            |
| General reserve                             | 4            | 85,000            | 85,000            |
| Retained earnings                           |              | 16,051            | 19,191            |
| <b>Total Equity</b>                         |              | <b>131,051</b>    | <b>134,191</b>    |
| <b>Total Equity and Liabilities</b>         |              | <b>17,980,704</b> | <b>23,360,228</b> |

This statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2002

|  | <u>Note</u> | <u>2002</u>      | <u>2001</u>      |
|--|-------------|------------------|------------------|
|  |             | \$000's          | \$000's          |
| <b>Cash Flows from Operating Activities</b>                |             |                  |                  |
| Interest received from Participating Authorities           |             | 617,940          | 639,317          |
| Interest paid on borrowings                                |             | (1,048,238)      | (1,376,031)      |
| Net cash received (paid)—market transactions               |             | 5,981            | (80,172)         |
| Interest received on investments and cash                  |             | 313,958          | 549,784          |
| Fees received  |             | 11,472           | 10,445           |
| Cash paid to suppliers and employees                       |             | (13,836)         | (13,577)         |
| <b>Net Cash from Operating Activities</b>                  | 25(ii)      | <u>(112,723)</u> | <u>(270,234)</u> |
| <b>Cash Flows from Investing Activities</b>                |             |                  |                  |
| Reduction (Increase) in loans to Participating Authorities |             | 24,565           | (105,857)        |
| Sale (Purchase) of investments                             |             | (193,690)        | 1,468,546        |
| Payments for property, plant and equipment                 |             | (1,748)          | (1,550)          |
| <b>Net Cash from Investing Activities</b>                  |             | <u>(170,873)</u> | <u>1,361,139</u> |
| <b>Cash Flows from Financing Activities</b>                |             |                  |                  |
| Increase (Reduction) in derivatives                        |             | 339,031          | (41,219)         |
| Increase (Reduction) of borrowings                         |             | (568,458)        | 537,936          |
| Increase (Reduction) in deposits from authorities          |             | (359,614)        | 210,401          |
| Dividend paid  | 4           | (17,000)         |                  |
| <b>Net Cash Flows from Financing Activities</b>            |             | <u>(606,041)</u> | <u>707,118</u>   |
| <b>Net Increase/(Decrease) in Cash Held</b>                |             | <u>(889,637)</u> | <u>1,798,023</u> |
| <b>Cash Held at Beginning of Year</b>                      |             | <u>3,535,335</u> | <u>1,737,312</u> |
| <b>Cash Held at End of Year</b>                            | 5           | <u>2,645,698</u> | <u>3,535,335</u> |

This statement should be read in conjunction with the accompanying notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### **Note 1: Statement of Accounting Policies**

#### **(a) Basis of Accounting**

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, the requirements of the Financial Management Act 1994, and other mandatory professional reporting requirements. The financial report has been prepared in accordance with the historical cost convention, except where stipulated (refer Note 1(b) and Note 1 (c)).

#### **(b) Revenue Recognition and Valuation**

##### **Revenue from Ordinary Activities**

Revenue reflects the outcome of the integrated day to day management of the total financial exposures of the Corporation. This revenue arises from the aggregate of interest income, realised gains and losses and unrealised gains and losses incurred in the management of both physical and derivative positions.

##### **Administrative Fees and Recoveries**

Administration fees and recoveries charged to the Budget Sector and Participating Authorities are used to meet associated administrative and borrowing expenses incurred by TCV.

##### **Valuation of Financial Assets and Liabilities**

All financial instruments in the Statement of Financial Position are stated at market value representing net fair value. Any unrealised profits and losses from revaluation are reported in the Statement of Financial Performance. Transactions are recognised on a settlement date basis. However, unrealised gains and losses on unsettled transactions as at balance date (refer Note 22) are brought to account in the Statement of Financial Performance.

Market valuations are performed with reference to appropriate market sourced rates for the underlying asset or liability. Market rates for loans to authorities are based on rates commensurate with the TCV rate for similar securities.

Certain indexed based structures are accounted for on the historical cost basis. The structures consist of Capital Indexed Bonds, Indexed Annuity Bonds and an Indexed Swap; each underlying instrument differs as to the recognition of the applicable indexation subsequent to a CPI release date. The treatment of indexation reflects the underlying economic substance of the transactions accounted for on the historical cost basis by ensuring that the quarterly CPI changes are applied to both the assets and liabilities through to maturity. In accounting for these instruments, under historical cost, the policy is to align the recognition of indexation for each instrument. An adjustment is created for the last period prior to maturity where the Capital Indexed Bonds will not receive indexation, in comparison to the indexed annuity bonds which will be impacted. This adjustment is reviewed annually. A further adjustment is made to the current financial year results to reflect the timing differences in the indexation recognition. The net fair value of these transactions is disclosed in Note 16.

#### **(c) Derivative Financial Instruments**

TCV enters into derivative financial instruments, as outlined in Notes 14 and 17, to manage the financial risks inherent in its asset and liability management activities.

Those derivative instruments used to manage interest rate risk are valued to market on a daily basis and the resulting profits and losses recognised in the Statement of Financial Performance. On settlement, the realised gains and losses resulting from derivative instruments are reported immediately in the Statement of Financial Performance. Derivative financial instruments are shown in the financial statements as gross amounts.

Currency swaps used to manage currency risk are accounted for as stated in Note (1)(g).

**(d) Assets and Liabilities**

Assets and liabilities are classified according to their nature and presented in an order that reflects relative liquidity. Transactions involving financial instruments sold, but not yet purchased entail an obligation to purchase a financial instrument at a future date. Securities sold short are generally Commonwealth Government or State Government issues that are actively traded in the market and for which suitable liquidity exists.

**(e) Debt and Loans Reconstruction**

TCV debt securities may be repurchased from the market and cancelled. Similarly, loans to authorities may be repaid before maturity and replaced with new loans. Gains and losses associated with these repurchases/prepayments are recognised immediately in the Statement of Financial Performance.

**(f) Amortisation of Discount/Premiums**

Discounts and premiums on assets (including loans to Participating Authorities) and liabilities are amortised over the term of the asset or liability on historical or constant yield basis, with the amortisation being taken to the Statement of Financial Performance.

**(g) Foreign Currency Translation**

Assets and liabilities and associated hedging arrangements denominated in foreign currencies are initially converted at the rate of exchange ruling at date of the transaction and are translated using rates of exchange ruling at the end of the financial year.

Net unrealised gains and losses arising from translation of foreign currency assets and liabilities are brought to account in the Statement of Financial Performance.

**(h) Stock Lending**

The issue of stock secured by the provision of substitute stock of the Australian Government or a State Government is accounted for at face value in the Statement of Financial Position as a liability under "Borrowed funds: Domestic". An equivalent amount, being the amount of stock to be paid back, is shown as an asset under "Investments".

**(i) Depreciation of Property, Plant and Equipment**

Depreciation of property, plant and equipment is calculated on a straight line basis using rates designed to allocate the cost over the expected useful life of the asset. Property, plant and equipment are, in general amortised over five years, except for computer hardware and software costs which are amortised over estimated useful life of three years.

**(j) Provisions**

Long service leave is based on contractual requirements and assessments having regard to staff departures, leave utilisation, future salary increases and appropriate discount factors. Long service leave is payable, pro-rata, to employees with more than seven completed years of approved service.

Provision for annual leave represents the liability for the unused leave entitlements for employees.

No provision for bad or doubtful debts, including impaired loans, has been made as at 30 June 2002 as all amounts owed to TCV are expected to be recovered in the normal course of business.

An obligation to pay a dividend only arises after consultation between the Board and the Treasurer. Following this consultation a formal determination is made by the Treasurer. This process has not yet been completed at the reporting date.

**(k) Repurchase Agreements**

Securities sold/purchased under repurchase agreements are retained in the financial statements and a counterparty asset/liability is disclosed under the classification Investments—receivables from financial institutions / Domestic borrowings—payables to financial institutions. Interest on the counterparty loan/deposit is charged to income and expenditure in the Statement of Financial Performance.

**(l) Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, cash includes 11 am deposits with financial institutions and liquid investments maturing in less than three months.

**(m) Receivables and payables**

Interest receivable/payable is accrued in accordance with the terms and conditions of the underlying financial instruments.

Receivables are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debts.

Payables represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of falling due.

**(n) Goods and Services Tax**

TCV predominantly provides input taxed supplies and as such expense items disclosed where appropriate are inclusive of non recoverable GST.

**(o) Leases**

**Operating Leases**

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

**(p) Rounding**

Amounts have been rounded to the nearest thousand dollars, unless otherwise indicated.

**(q) Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**Note 2: Revenue and Expense Items**

|   | 2002           | 2001             |
|---|----------------|------------------|
|   | \$000's        | \$000's          |
| <b>Revenue from Ordinary Activities</b>               |                |                  |
| <b>Interest Revenue</b>                               |                |                  |
| Interest income on cash assets                        | 149,971        | 208,298          |
| Interest income on investments                        | 186,141        | 252,289          |
| Interest income on loans to Participating Authorities | 591,396        | 626,600          |
|   | <u>927,508</u> | <u>1,087,187</u> |
| <b>Realised and unrealised market movements</b>       | <u>21,424</u>  | <u>53,930</u>    |
| <b>Administrative Fees and Recoveries</b>             | <u>9,122</u>   | <u>9,081</u>     |
| <b>Total Revenue from Ordinary Activities</b>         | <u>958,054</u> | <u>1,150,198</u> |
| <b>Expenses from Ordinary Activities</b>              |                |                  |
| <b>Interest Expense on Borrowings</b>                 | <u>929,225</u> | <u>1,117,924</u> |
| <b>Other Borrowing Related Expenses</b>               |                |                  |
| Financial institutions duty & other charges           | 602            | 1,943            |
| Dealer fees   | 539            |                  |
| Rating agency fees                                    | 490            | 425              |
| Registry fees   | 91             | 233              |
| Other costs   | 233            | 189              |
|   | <u>1,416</u>   | <u>3,329</u>     |
| <b>Administration Expenses</b>                        |                |                  |
| Salaries and related employee expenses                | 7,392          | 6,146            |
| Depreciation of miscellaneous assets                  | 1,000          | 1,036            |
| Professional fees and contract services               | 1,986          | 1,639            |
| Rent and power  | 596            | 640              |
| Market information services                           | 619            | 620              |
| Promotional expenses                                  | 197            | 271              |
| Legal costs   | 285            | 125              |
| Other expenses  | 1,478          | 1,331            |
|   | <u>13,553</u>  | <u>11,808</u>    |
| <b>Total Expenses from Ordinary Activities</b>        | <u>944,194</u> | <u>1,133,061</u> |

**Note 3: Average Statement of Position and Related Income**

|   | 2002<br>Average<br>Balance | 2002<br>Income* | 2002<br>Average<br>Rate | 2001<br>Average<br>Balance | 2001<br>Income*  | 2001<br>Average<br>Rate |
|---|----------------------------|-----------------|-------------------------|----------------------------|------------------|-------------------------|
|   | \$000's                    | \$000's         | %                       | \$000's                    | \$000's          | %                       |
| <b>Interest Earning Assets</b>          |                            |                 |                         |                            |                  |                         |
| Cash assets                             | 3,520,549                  | 149,971         | 4.26%                   | 3,935,367                  | 208,298          | 5.29%                   |
| Investments                             | 3,006,856                  | 186,402         | 6.20%                   | 3,200,926                  | 252,289          | 7.88%                   |
| Loans to Participating Authorities      | 9,158,308                  | 591,395         | 6.46%                   | 9,079,013                  | 626,600          | 6.90%                   |
|   | <u>15,685,713</u>          | <u>927,768</u>  | <u>5.91%</u>            | <u>16,215,306</u>          | <u>1,087,187</u> | <u>6.70%</u>            |
| <b>Non-Interest Earning Assets</b>      |                            |                 |                         |                            |                  |                         |
| Other                                   | 533                        |                 |                         | 1,863                      |                  |                         |
| Property, plant & equipment             | 2,378                      |                 |                         | 1,778                      |                  |                         |
| Receivables & Prepayments               | 1,223                      |                 |                         | 1,454                      |                  |                         |
|   | <u>4,134</u>               |                 |                         | <u>5,095</u>               |                  |                         |
| <b>Total Assets</b>                     | <u>15,689,847</u>          |                 |                         | <u>16,220,401</u>          |                  |                         |
| <b>Interest Bearing Liabilities</b>     |                            |                 |                         |                            |                  |                         |
| Deposits from public sector             | 2,759,387                  | 121,997         | 4.42%                   | 2,701,603                  | 150,202          | 5.56%                   |
| Borrowed funds domestic                 | 9,564,690                  | 628,838         | 6.57%                   | 10,244,878                 | 689,392          | 6.71%                   |
| Borrowed funds offshore                 | 3,139,287                  | 157,226         | 5.01%                   | 3,013,163                  | 224,400          | 7.45%                   |
|   | <u>15,463,364</u>          | <u>908,061</u>  | <u>5.87%</u>            | <u>15,959,644</u>          | <u>1,063,994</u> | <u>6.66%</u>            |
| <b>Non-Interest Bearing Liabilities</b> |                            |                 |                         |                            |                  |                         |
| Provisions                              | 968                        |                 |                         | 3,476                      |                  |                         |
| Payables                                | 2,319                      |                 |                         | 1,705                      |                  |                         |
|   | <u>3,287</u>               |                 |                         | <u>5,181</u>               |                  |                         |
| <b>Total Liabilities</b>                | <u>15,466,651</u>          |                 |                         | <u>15,964,825</u>          |                  |                         |

\* Income includes interest, realised and unrealised gains and losses.

**Note 4: Dividends/Reserves****Dividend**

Under Section 31 of the *Treasury Corporation of Victoria Act 1992*, TCV is required to pay dividends to the Government of Victoria, as the Treasurer shall determine. At 30 June 2002, no dividend (2001: nil) has been provided for in the accounts of TCV.

A dividend of \$17 million relating to the financial year ended 30 June 2001 was determined, declared and paid during the financial year.

**Reserves**

It is TCV's policy to maintain an adequate capital base to mitigate the risks inherent in its asset and liability management activities.

The General Reserve includes coverage for:

- (i) interest rate risk which could arise in the event of future adverse market changes; and,

- (ii) provision of capital to cover any potential market, counterparty and operational risk associated with financial arrangements entered into between TCV and external counterparties.

**Note 5: Cash Assets**

| 2002                                    | Contractual maturity in |                       |                       |                  |
|---|-------------------------|-----------------------|-----------------------|------------------|
|   | At call                 | Less than<br>3 months | 3 months<br>to 1 year | Total            |
|   | \$000's                 | \$000's               | \$000's               | \$000's          |
| Cash at bank and on hand                | 11,721                  |                       |                       | 11,721           |
| Deposits with futures clearing house    | 2,164                   |                       |                       | 2,164            |
| Receivables from financial institutions | 450,692                 |                       | 147                   | 450,839          |
| Short term discounted securities        |                         | 2,180,974             |                       | 2,180,974        |
| <b>Total Cash Assets</b>                | <b>464,577</b>          | <b>2,180,974</b>      | <b>147</b>            | <b>2,645,698</b> |

| 2001                                    | Contractual maturity in |                       |                       |                  |
|---|-------------------------|-----------------------|-----------------------|------------------|
|   | At call                 | Less than<br>3 months | 3 months<br>to 1 year | Total            |
|   | \$000's                 | \$000's               | \$000's               | \$000's          |
| Cash at bank and on hand                | 1,930                   |                       |                       | 1,930            |
| Deposits with futures clearing house    | 1,881                   |                       |                       | 1,881            |
| Receivables from financial institutions | 463,000                 | 239,217               |                       | 702,217          |
| Short term discounted securities        |                         | 2,829,307             |                       | 2,829,307        |
| <b>Total Cash Assets</b>                | <b>466,811</b>          | <b>3,068,524</b>      |                       | <b>3,535,335</b> |

**Note 6: Investments**

| 2002  | Contractual maturity in |                       |                 |                 |                         | Total            |
|---|-------------------------|-----------------------|-----------------|-----------------|-------------------------|------------------|
|   | Less than<br>3 months   | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years | Greater than<br>5 years |                  |
|   | \$000's                 | \$000's               | \$000's         | \$000's         | \$000's                 |                  |
| Stock lending                                       | 179,000                 |                       |                 |                 |                         | 179,000          |
| Floating rate securities                            |                         | 32,722                | 87,635          | 158,999         |                         | 279,356          |
| Short term discounted securities                    |                         | 177,807               |                 |                 |                         | 177,807          |
| Offshore issued securities                          | 17,382                  | 50,754                | 32,851          |                 |                         | 100,987          |
| Fixed interest securities                           | 1,467                   | 412,789               | 452,904         | 800,269         | 233,296                 | 1,900,725        |
| Financial instruments sold but not yet<br>purchased |                         |                       |                 |                 |                         |                  |
| Index linked securities                             | 1,950                   | 2,717                 |                 |                 | 231,575                 | 236,242          |
| Index linked securities at historical cost          |                         | 3,126                 |                 |                 | 460,905                 | 464,031          |
| <b>Total Investments</b>                            | <b>199,799</b>          | <b>679,915</b>        | <b>573,390</b>  | <b>959,268</b>  | <b>925,776</b>          | <b>3,338,148</b> |

| 2001  | Contractual maturity in |                       |                 |                  |                         | Total            |
|---|-------------------------|-----------------------|-----------------|------------------|-------------------------|------------------|
|   | Less than<br>3 months   | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years |                  |
|   | \$000's                 | \$000's               | \$000's         | \$000's          | \$000's                 |                  |
| Stock lending                                       | 65,000                  |                       |                 |                  |                         | 65,000           |
| Floating rate securities                            |                         | 62,024                | 55,194          | 30,079           |                         | 147,297          |
| Short term discounted securities                    |                         | 349,800               |                 |                  |                         | 349,800          |
| Offshore issued securities                          | 15,098                  | 23,821                | 62,092          | 33,171           |                         | 134,182          |
| Fixed interest securities                           |                         |                       | 762,706         | 1,086,163        | 106,348                 | 1,955,217        |
| Financial instruments sold but not yet<br>purchased |                         |                       |                 |                  | (178,415)               | (178,415)        |
| Index linked securities                             |                         |                       | 4,562           |                  | 169,995                 | 174,557          |
| Index linked securities at historical cost          |                         | 3,313                 |                 |                  | 462,440                 | 465,753          |
| <b>Total Investments</b>                            | <b>80,098</b>           | <b>438,958</b>        | <b>884,554</b>  | <b>1,149,413</b> | <b>560,368</b>          | <b>3,113,391</b> |

**Note 7: Loans to the State of Victoria and Participating Authorities**

Section 8(1) of the Treasury Corporation of Victoria Act 1992 ("the TCV Act") states that one of the functions of the Corporation is to provide financial accommodation to a Participating Authority or the State of Victoria. Outstanding loans at balance date, by contractual maturity, are categorised as follows:

| 2002  | At call       | Less than<br>3 months | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years | Total            |
|---|---------------|-----------------------|-----------------------|-----------------|------------------|-------------------------|------------------|
|   | \$000's       | \$000's               | \$000's               | \$000's         | \$000's          | \$000's                 | \$000's          |
| Overnight & short term cash                     | 66,133        |                       |                       |                 |                  |                         | 66,133           |
| Short term discounted loans                     |               | 21,499                | 37,316                |                 |                  |                         | 58,815           |
| Floating rate loans                             |               |                       |                       | 82,439          | 43,476           |                         | 125,915          |
| Fixed interest loans                            |               | 204,609               | 423,541               | 796,337         | 2,377,684        | 3,941,911               | 7,744,082        |
| Index linked loans                              |               | 146,766               |                       | 8,410           | 60,089           | 648,000                 | 863,265          |
| Fixed interest loans at historical cost         |               | 129                   | 455                   | 770             | 3,568            | 106,620                 | 111,542          |
| <b>Total Loans to Participating Authorities</b> | <b>66,133</b> | <b>373,003</b>        | <b>461,312</b>        | <b>887,956</b>  | <b>2,484,817</b> | <b>4,696,531</b>        | <b>8,969,752</b> |
| 2001  | At call       | Less than<br>3 months | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years | Total            |
|   | \$000's       | \$000's               | \$000's               | \$000's         | \$000's          | \$000's                 | \$000's          |
| Overnight & short term cash                     | 76,180        |                       |                       |                 |                  |                         | 76,180           |
| Short term discounted loans                     |               | 33,221                | 89,931                |                 |                  |                         | 123,152          |
| Floating rate loans                             |               | 53,484                | 24,962                |                 | 82,426           |                         | 160,872          |
| Fixed interest loans                            |               | 128,969               | 175,049               | 630,740         | 2,296,250        | 4,345,854               | 7,576,862        |
| Index linked loans                              |               | 1,805                 |                       | 143,425         | 71,379           | 766,522                 | 983,131          |
| Fixed interest loans at historical cost         |               | 87                    | 324                   | 584             | 2,924            | 107,846                 | 111,765          |
| <b>Total Loans to Participating Authorities</b> | <b>76,180</b> | <b>217,566</b>        | <b>290,266</b>        | <b>774,749</b>  | <b>2,452,979</b> | <b>5,220,222</b>        | <b>9,031,962</b> |

Refer to Note 10 for details of loans by client.

**Note 8: Property, Plant and Equipment**

|                               | <u>2002</u>         | <u>2001</u>         |
|-------------------------------|---------------------|---------------------|
|                               | \$000's             | \$000's             |
| Office Equipment              | 1,140               | 1,234               |
| Accumulated Depreciation      | <u>(927)</u>        | <u>(969)</u>        |
|                               | 213                 | 265                 |
| Computer Equipment & Software | 5,635               | 4,970               |
| Accumulated Depreciation      | <u>(3,671)</u>      | <u>(3,750)</u>      |
|                               | 1,964               | 1,220               |
| Motor Vehicles                | 1,008               | 922                 |
| Accumulated Depreciation      | <u>(172)</u>        | <u>(142)</u>        |
|                               | 836                 | 780                 |
| <b>Written down value</b>     | <u><b>3,013</b></u> | <u><b>2,265</b></u> |

**Reconciliation of Property, Plant & Equipment**

|  | <u>2002</u>         | <u>2001</u>         |
|--|---------------------|---------------------|
|  | \$000's             | \$000's             |
| <b>Office Equipment</b>                  |                     |                     |
| Opening Balance                          | 265                 | 279                 |
| Acquisitions                             | 56                  | 92                  |
| Disposals                                |                     |                     |
| Depreciation Expense                     | (108)               | (106)               |
| Closing Balance                          | <u>213</u>          | <u>265</u>          |
| <b>Computer Equipment &amp; Software</b> |                     |                     |
| Opening Balance                          | 1,220               | 729                 |
| Acquisitions                             | 1,462               | 1,225               |
| Disposals                                |                     |                     |
| Depreciation Expense                     | (718)               | (734)               |
| Closing Balance                          | <u>1,964</u>        | <u>1,220</u>        |
| <b>Motor Vehicles</b>                    |                     |                     |
| Opening Balance                          | 780                 | 743                 |
| Acquisitions                             | 581                 | 731                 |
| Disposals                                | (350)               | (498)               |
| Depreciation Expense                     | (175)               | (196)               |
| Closing Balance                          | <u>836</u>          | <u>780</u>          |
| <b>Total</b>                             | <u><b>3,013</b></u> | <u><b>2,265</b></u> |

Depreciation rates used are 33% in respect of computer equipment and software, and 20% in respect of other classes of PP&E.

**Note 9: Deposits From Public Sector**

Deposits at balance date, by contractual maturity, are categorised as follows:

| 2002                        | At call   | Less than<br>3 months | 3 months<br>to 1 year | 1 to 2<br>years | 2 to 5<br>years | Greater than<br>5 years | Total     |
|-----------------------------|-----------|-----------------------|-----------------------|-----------------|-----------------|-------------------------|-----------|
|                             | \$000's   | \$000's               | \$000's               | \$000's         | \$000's         | \$000's                 | \$000's   |
| Deposits from Public Sector | 1,854,341 | 434,902               | 22,077                |                 |                 |                         | 2,311,320 |
| 2001                        | At call   | Less than<br>3 months | 3 months<br>to 1 year | 1 to 2<br>years | 2 to 5<br>years | Greater than<br>5 years | Total     |
|                             | \$000's   | \$000's               | \$000's               | \$000's         | \$000's         | \$000's                 | \$000's   |
| Deposits from Public Sector | 2,151,618 | 474,988               | 44,328                |                 |                 |                         | 2,670,934 |

Refer to Note 10 for details of deposits by client.

**Note 10: Client Loans and Deposits Outstanding**

|  | 2002<br>Loans    | 2002<br>Deposits   | 2001<br>Loans | 2001<br>Deposits |
|--|------------------|--------------------|---------------|------------------|
|  | \$000's          | \$000's            | \$000's       | \$000's          |
| State of Victoria                        | <b>6,149,630</b> | <b>(803,000)</b>   | 6,150,091     |                  |
| Participating Authorities:               |                  |                    |               |                  |
| Melbourne Water Corporation              | <b>1,163,919</b> |                    | 1,209,742     |                  |
| Yarra Valley Water Limited               | <b>512,760</b>   |                    | 506,003       | (1,154)          |
| South East Water Limited                 | <b>317,809</b>   | <b>(10,234)</b>    | 318,921       |                  |
| Rural Finance Corporation of Victoria    | <b>305,354</b>   | <b>(4,800)</b>     | 306,143       |                  |
| City West Water Limited                  | <b>151,316</b>   | <b>(1,214)</b>     | 173,802       | (75)             |
| Melbourne Port Corporation               |                  |                    | 72,801        |                  |
| State Electricity Commission of Victoria |                  | <b>(201,722)</b>   |               | (136,132)        |
| Docklands Authority                      | <b>140,407</b>   |                    | 116,173       |                  |
| Victorian Energy Networks Corporation    |                  | <b>(117,327)</b>   |               |                  |
| Other Participating Authorities          | <b>228,557</b>   | <b>(198,787)</b>   | 178,286       | (265,405)        |
| Public Sector Entities:                  |                  |                    |               |                  |
| State Superannuation Fund                |                  | <b>(71,439)</b>    |               | (601,074)        |
| Government Superannuation Office         |                  | <b>(58,000)</b>    |               | (681,943)        |
| Victorian Funds Management Corporation   |                  | <b>(88,495)</b>    |               | (254,575)        |
| Victorian Government Trust Funds         |                  | <b>(646,997)</b>   |               | (636,201)        |
| Other Public Sector entities             |                  | <b>(95,672)</b>    |               | (77,005)         |
| <b>Other</b>                             |                  | <b>(13,633)</b>    |               | (17,370)         |
|  | <b>8,969,752</b> | <b>(2,311,320)</b> | 9,031,962     | (2,670,934)      |

**Note 11: Borrowed funds: Domestic**

Financial accommodation obtained by TCV pursuant to Sections 8 and 9 of the Borrowing and Investment Powers Act 1987 has the benefit of the guarantee of the Government of Victoria contained in Section 32 of the TCV Act 1992.

| 2002   | Contractual maturity in |                       |                       |                 |                 |                         |           |
|--|-------------------------|-----------------------|-----------------------|-----------------|-----------------|-------------------------|-----------|
|  | At call                 | Less than<br>3 months | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years | Greater than<br>5 years | Total     |
|  | \$000's                 | \$000's               | \$000's               | \$000's         | \$000's         | \$000's                 | \$000's   |
| <b>Benchmark Programmes</b>                  |                         |                       |                       |                 |                 |                         |           |
| TCV Hotstocks*                               |                         |                       |                       |                 | 2,504,401       | 3,479,210               | 5,983,611 |
| TCV Promissory Notes                         |                         | 500,892               |                       |                 |                 |                         | 500,892   |
|  |                         | 500,892               |                       |                 | 2,504,401       | 3,479,210               | 6,484,503 |
| <b>Domestic Borrowings—Other</b>             |                         |                       |                       |                 |                 |                         |           |
| Payables to financial institutions           | 330                     | 10,485                | 2,347                 |                 |                 |                         | 13,162    |
| Stock lending                                |                         | 179,000               |                       |                 |                 |                         | 179,000   |
| TCV fixed interest                           |                         | 15,921                | 22,176                | 858,147         | 277,359         | 68,237                  | 1,241,840 |
| Commonwealth Government loans                |                         | 237                   | 947                   | 45,674          | 1,782           | 2,738                   | 51,378    |
| Indexed linked securities                    |                         | 78,418                |                       | 23,213          | 53,003          | 872,085                 | 1,026,719 |
| Indexed linked securities at historical cost |                         |                       |                       |                 |                 | 574,388                 | 574,388   |
| <b>Total Domestic Borrowings—Other</b>       | 330                     | 284,061               | 25,470                | 927,034         | 332,144         | 1,517,448               | 3,086,487 |
| <b>Total Domestic Borrowings</b>             | 330                     | 784,953               | 25,470                | 927,034         | 2,836,545       | 4,996,658               | 9,570,990 |

| 2001   | Contractual maturity in |                       |                       |                 |                 |                         |           |
|--|-------------------------|-----------------------|-----------------------|-----------------|-----------------|-------------------------|-----------|
|  | At call                 | Less than<br>3 months | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years | Greater than<br>5 years | Total     |
|  | \$000's                 | \$000's               | \$000's               | \$000's         | \$000's         | \$000's                 | \$000's   |
| <b>Benchmark Programmes</b>                  |                         |                       |                       |                 |                 |                         |           |
| TCV Hotstocks*                               |                         |                       |                       |                 | 2,010,184       | 4,198,825               | 6,209,009 |
| TCV Promissory Notes                         |                         |                       |                       |                 |                 |                         |           |
|  |                         |                       |                       |                 | 2,010,184       | 4,198,825               | 6,209,009 |
| <b>Domestic Borrowings—Other</b>             |                         |                       |                       |                 |                 |                         |           |
| Payables to financial institutions           | 6,000                   | 197,084               | 500                   |                 |                 |                         | 203,584   |
| Stock lending                                |                         | 65,000                |                       |                 |                 |                         | 65,000    |
| TCV fixed interest                           |                         | 1,240,337             | 45,780                | 38,617          | 128,282         | 343,635                 | 1,796,651 |
| Commonwealth Government loans                |                         |                       | 970                   | 897             | 46,579          | 3,155                   | 51,601    |
| Indexed linked securities                    |                         | 922                   | 8,318                 | 77,212          | 81,175          | 915,510                 | 1,083,137 |
| Indexed linked securities at historical cost |                         |                       |                       |                 |                 | 577,150                 | 577,150   |
| <b>Total Domestic Borrowings—Other</b>       | 6,000                   | 1,503,343             | 55,568                | 116,726         | 256,036         | 1,839,450               | 3,777,123 |
| <b>Total Domestic Borrowings</b>             | 6,000                   | 1,503,343             | 55,568                | 116,726         | 2,266,220       | 6,038,275               | 9,986,132 |

\* This amount is net of \$81.1 million (2001: \$217.2 million) of Hotstocks held by TCV for secondary market purposes.

**Note 12: Borrowed Funds: Offshore**

Financial accommodation obtained by TCV pursuant to Section 9 of the *Borrowing and Investment Powers Act 1987*, has the benefit of the guarantee of the Government of Victoria contained in Section 32 of the *TCV Act 1992*.

| 2002                             | Contractual maturity in |                       |                 |                  |                         | Total            |
|----------------------------------|-------------------------|-----------------------|-----------------|------------------|-------------------------|------------------|
|                                  | Less than<br>3 months   | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years |                  |
|                                  | \$000's                 | \$000's               | \$000's         | \$000's          | \$000's                 |                  |
| Euro commercial paper            | 276,734                 | 64,588                |                 |                  |                         | 341,322          |
| Euro medium term notes           |                         | 102,677               | 131,431         | 45,199           |                         | 279,307          |
| Eurobonds                        | 62,179                  | 229,241               | 307,705         | 891,134          | 129,236                 | 1,619,495        |
| Globals                          |                         |                       | 57,894          |                  |                         | 57,894           |
| Samurai bonds                    |                         | 93,591                | 38,692          | 187,931          |                         | 320,214          |
| Yankee bonds                     |                         |                       |                 |                  |                         |                  |
| Yen private loans                |                         |                       | 202,207         | 162,033          |                         | 364,240          |
| <b>Total Offshore Borrowings</b> | <b>338,913</b>          | <b>490,097</b>        | <b>737,929</b>  | <b>1,286,297</b> | <b>129,236</b>          | <b>2,982,472</b> |

| 2001                             | Contractual maturity in |                       |                 |                  |                         | Total            |
|----------------------------------|-------------------------|-----------------------|-----------------|------------------|-------------------------|------------------|
|                                  | Less than<br>3 months   | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years |                  |
|                                  | \$000's                 | \$000's               | \$000's         | \$000's          | \$000's                 |                  |
| Euro medium term notes           |                         | 13,555                | 106,023         | 191,597          |                         | 311,175          |
| Eurobonds                        | 155,805                 | 522,993               | 315,647         | 428,947          | 121,155                 | 1,544,547        |
| Globals                          |                         |                       |                 | 61,055           |                         | 61,055           |
| Samurai bonds                    |                         |                       | 100,322         | 272,333          |                         | 372,655          |
| Yankee bonds                     |                         | 281,187               |                 |                  |                         | 281,187          |
| Yen private loans                |                         | 251,139               |                 | 403,918          |                         | 655,057          |
| <b>Total Offshore Borrowings</b> | <b>155,805</b>          | <b>1,068,874</b>      | <b>521,992</b>  | <b>1,357,850</b> | <b>121,155</b>          | <b>3,225,676</b> |

**Note 13: Foreign Currency Borrowings**

TCV's currency exposure as a result of the offshore funding programmes is hedged by way of forward foreign exchange contracts, cross currency swaps or financial assets denominated in the same currency.

| 2002                         | Face Value of Foreign Currency Borrowings and Related Exposures |                 |                 |                         |             |
|------------------------------|---|-----------------|-----------------|-------------------------|-------------|
|                              | Less than<br>1 year   | 1 to<br>2 years | 2 to<br>5 years | Greater than<br>5 years | Total       |
|                              | \$000's   | \$000's         | \$000's         | \$000's                 | \$000's     |
| <b>Japanese yen</b>          |   |                 |                 |                         |             |
| Foreign Currency Borrowing   | (93,603)  | (231,327)       | (336,714)       |                         | (661,644)   |
| Swap Payable                 | (169,877)   | (102,815)       | (215,582)       |                         | (488,274)   |
| Swap Receivable              | 263,573   | 334,149         | 552,255         |                         | 1,149,977   |
| Foreign Exchange Contracts   | (81)  | (15)            |                 |                         | (96)        |
| <b>Net Face Value</b>        | <b>12</b>   | <b>(8)</b>      | <b>(41)</b>     | <b>0</b>                | <b>(37)</b> |
| <b>US dollars</b>            |   |                 |                 |                         |             |
| Foreign Currency Borrowing   | (221,435)   |                 |                 |                         | (221,435)   |
| Swap Payable                 | (11,515)  |                 |                 |                         | (11,515)    |
| Swap Receivable              | 232,950   |                 |                 |                         | 232,950     |
| <b>Net Face Value</b>        | <b>0</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |
| <b>Swiss francs</b>          |   |                 |                 |                         |             |
| Foreign Currency Borrowing   |   |                 |                 |                         | 0           |
| Swap Payable                 |   |                 |                 |                         | 0           |
| Swap Receivable              |   |                 |                 |                         | 0           |
| <b>Net Face Value</b>        | <b>0</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |
| <b>Canadian dollars</b>      |   |                 |                 |                         |             |
| Foreign Currency Borrowing   | (130,022)   | (67,780)        |                 |                         | (197,802)   |
| Swap Payable                 | (104,617)   | (151,973)       |                 |                         | (256,590)   |
| Swap Receivable              | 234,522   | 218,973         |                 |                         | 453,495     |
| Foreign Exchange Investments | 118   | 746             |                 |                         | 864         |
| <b>Net Face Value</b>        | <b>1</b>  | <b>(34)</b>     | <b>0</b>        | <b>0</b>                | <b>(33)</b> |
| <b>British pounds</b>        |   |                 |                 |                         |             |
| Foreign Currency Borrowing   |   | (229,080)       |                 |                         | (229,080)   |
| Swap Payable                 |   | (44,643)        |                 |                         | (44,643)    |
| Swap Receivable              |   | 273,723         |                 |                         | 273,723     |
| <b>Net Face Value</b>        | <b>0</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |
| <b>Hong Kong Dollars</b>     |   |                 |                 |                         |             |
| Foreign Currency Borrowing   | (123,333)   |                 |                 |                         | (123,333)   |
| Swap Payable                 |   |                 |                 |                         |             |
| Swap Receivable              | 123,333   |                 |                 |                         | 123,333     |
| <b>Net Face Value</b>        | <b>0</b>  | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |

In both Net Face Value (as shown above) and in Market Value terms, the exposure to foreign currency is negligible.

**Face Value of Foreign Currency Borrowings and Related Exposures**

| 2001                         | Less than<br>1 year | 1 to<br>2 years | 2 to<br>5 years | Greater than<br>5 years | Total       |
|------------------------------|---------------------|-----------------|-----------------|-------------------------|-------------|
|                              | \$000's             | \$000's         | \$000's         | \$000's                 | \$000's     |
| <b>Japanese yen</b>          |                     |                 |                 |                         |             |
| Foreign Currency Borrowing   | (238,020)           | (100,168)       | (639,662)       |                         | (977,850)   |
| Swap Payable                 |                     | (181,806)       | (308,888)       |                         | (490,694)   |
| Swap Receivable              | 238,020             | 282,069         | 948,539         |                         | 1,468,628   |
| Foreign Exchange Contracts   |                     | (86)            | (16)            |                         | (102)       |
| <b>Net Face Value</b>        | <b>0</b>            | <b>9</b>        | <b>(27)</b>     | <b>0</b>                | <b>(18)</b> |
| <b>US dollars</b>            |                     |                 |                 |                         |             |
| Foreign Currency Borrowing   | (540,181)           |                 |                 |                         | (540,181)   |
| Swap Payable                 | (2,709,651)         | (12,810)        |                 |                         | (2,722,461) |
| Swap Receivable              | 3,233,957           | 12,810          |                 |                         | 3,246,767   |
| Foreign Currency Investments | 15,881              |                 |                 |                         | 15,881      |
| <b>Net Face Value</b>        | <b>6</b>            | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>6</b>    |
| <b>Swiss francs</b>          |                     |                 |                 |                         |             |
| Foreign Currency Borrowing   | (157,140)           |                 |                 |                         | (157,140)   |
| Swap Payable                 | (7,710)             |                 |                 |                         | (7,710)     |
| Swap Receivable              | 164,850             |                 |                 |                         | 164,850     |
| <b>Net Face Value</b>        | <b>0</b>            | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |
| <b>Canadian dollars</b>      |                     |                 |                 |                         |             |
| Foreign Currency Borrowing   |                     | (143,501)       | (81,181)        |                         | (224,682)   |
| Swap Payable                 |                     | (115,461)       | (161,351)       |                         | (276,812)   |
| Swap Receivable              |                     | 258,832         | 241,672         |                         | 500,504     |
| Foreign Currency Investments |                     | 131             | 823             |                         | 954         |
| <b>Net Face Value</b>        | <b>0</b>            | <b>1</b>        | <b>(37)</b>     | <b>0</b>                | <b>(36)</b> |
| <b>British pounds</b>        |                     |                 |                 |                         |             |
| Foreign Currency Borrowing   |                     |                 | (234,408)       |                         | (234,408)   |
| Swap Payable                 |                     |                 | (45,681)        |                         | (45,681)    |
| Swap Receivable              |                     |                 | 280,089         |                         | 280,089     |
| <b>Net Face Value</b>        | <b>0</b>            | <b>0</b>        | <b>0</b>        | <b>0</b>                | <b>0</b>    |

In both Net Face Value (as shown above) and in Market Value terms, the exposure to foreign currency is negligible.





**Note 15(i): Interest Rate Risk**

**Financial Assets**

| 2002   | Next interest repricing in: |                       |                 |                  |                         |                         |                  |
|--|-----------------------------|-----------------------|-----------------|------------------|-------------------------|-------------------------|------------------|
|  | Less than<br>3 months       | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years | Non interest<br>bearing | Total            |
|  | \$000's                     | \$000's               | \$000's         | \$000's          | \$000's                 | \$000's                 | \$000's          |
| <b>Cash Assets</b>                               |                             |                       |                 |                  |                         |                         |                  |
| Cash at bank and on hand                         | 11,721                      |                       |                 |                  |                         |                         | 11,721           |
| Deposits with futures clearing house             | 2,164                       |                       |                 |                  |                         |                         | 2,164            |
| Receivables from financial institutions          | 450,839                     |                       |                 |                  |                         |                         | 450,839          |
| Short term discounted securities                 | 2,180,974                   |                       |                 |                  |                         |                         | 2,180,974        |
| <b>Total Cash Assets</b>                         | <b>2,645,698</b>            |                       |                 |                  |                         |                         | <b>2,645,698</b> |
| <b>Investments</b>                               |                             |                       |                 |                  |                         |                         |                  |
| Stock lending                                    |                             |                       |                 |                  |                         | 179,000                 | 179,000          |
| Floating rate securities                         | 279,356                     |                       |                 |                  |                         |                         | 279,356          |
| Short term discounted securities                 |                             | 177,807               |                 |                  |                         |                         | 177,807          |
| Offshore issued securities                       | 17,382                      | 50,754                | 32,851          |                  |                         |                         | 100,987          |
| Fixed interest securities                        | 1,467                       | 412,789               | 452,904         | 800,269          | 233,296                 |                         | 1,900,725        |
| Financial instruments sold but not yet purchased |                             |                       |                 |                  |                         |                         |                  |
| Index linked securities                          | 1,950                       | 2,717                 |                 |                  | 231,575                 |                         | 236,242          |
| Index linked securities at historical cost       |                             | 3,126                 |                 |                  | 460,905                 |                         | 464,031          |
| Forward rate agreements                          | (4)                         | 42                    |                 |                  |                         |                         | 38               |
| <b>Total Investments</b>                         | <b>300,151</b>              | <b>647,235</b>        | <b>485,755</b>  | <b>800,269</b>   | <b>925,776</b>          | <b>179,000</b>          | <b>3,338,186</b> |
| <b>Loans to Participating Authorities</b>        |                             |                       |                 |                  |                         |                         |                  |
| Overnight & short term cash                      | 66,133                      |                       |                 |                  |                         |                         | 66,133           |
| Short term discounted loans                      | 21,499                      | 37,316                |                 |                  |                         |                         | 58,815           |
| Floating rate loans                              | 125,915                     |                       |                 |                  |                         |                         | 125,915          |
| Fixed interest loans                             | 204,609                     | 423,541               | 796,337         | 2,377,684        | 3,941,911               |                         | 7,744,082        |
| Index linked loans                               | 146,766                     |                       | 8,410           | 60,089           | 648,000                 |                         | 863,265          |
| Fixed interest loans at historical cost          | 129                         | 455                   | 770             | 3,568            | 106,620                 |                         | 111,542          |
| Interest rate swaps                              | (19)                        |                       |                 |                  |                         |                         | (19)             |
| <b>Total Loans to Participating Authorities</b>  | <b>565,032</b>              | <b>461,312</b>        | <b>805,517</b>  | <b>2,441,341</b> | <b>4,696,531</b>        |                         | <b>8,969,733</b> |
| <b>Other Financial Assets</b>                    |                             |                       |                 |                  |                         |                         |                  |
| Receivables and prepayments                      |                             |                       |                 |                  |                         | 4,538                   | 4,538            |
| Accrued interest receivable                      |                             |                       |                 |                  |                         | 254,740                 | 254,740          |
| <b>Total Other Financial Assets</b>              |                             |                       |                 |                  |                         | <b>259,278</b>          | <b>259,278</b>   |

## Financial Liabilities

| 2002   | Next interest repricing in: |                    |                |                  |                      |                | Non interest bearing | Total |
|--|-----------------------------|--------------------|----------------|------------------|----------------------|----------------|----------------------|-------|
|  | Less than 3 months          | 3 months to 1 year | 1 to 2 years   | 2 to 5 years     | Greater than 5 years |                |                      |       |
|  | \$000's                     | \$000's            | \$000's        | \$000's          | \$000's              | \$000's        |                      |       |
| <b>Deposits from Public Sector</b>           | 2,289,243                   | 22,077             |                |                  |                      |                | 2,311,320            |       |
| <b>Domestic Borrowings</b>                   |                             |                    |                |                  |                      |                |                      |       |
| Hotstocks                                    |                             |                    |                | 2,504,401        | 3,479,210            |                | 5,983,611            |       |
| Payables to financial institutions           | 10,815                      | 2,347              |                |                  |                      |                | 13,162               |       |
| Stock lending                                |                             |                    |                |                  |                      | 179,000        | 179,000              |       |
| Promissory notes                             | 500,892                     |                    |                |                  |                      |                | 500,892              |       |
| Long term bonds                              | 15,921                      | 22,176             | 858,147        | 277,359          | 68,237               |                | 1,241,840            |       |
| Commonwealth Government                      | 237                         | 947                | 45,674         | 1,782            | 2,738                |                | 51,378               |       |
| Indexed linked securities                    | 78,418                      |                    | 23,213         | 53,003           | 872,085              |                | 1,026,719            |       |
| Indexed linked securities at historical cost |                             |                    |                |                  | 574,388              |                | 574,388              |       |
| Interest rate swaps                          | 99,555                      | (55,167)           | 2,789          | 16,202           | (62,811)             |                | 568                  |       |
| <b>Total Domestic Borrowings</b>             | <b>705,838</b>              | <b>(29,697)</b>    | <b>929,823</b> | <b>2,852,747</b> | <b>4,933,847</b>     | <b>179,000</b> | <b>9,571,558</b>     |       |
| <b>Offshore Borrowings</b>                   |                             |                    |                |                  |                      |                |                      |       |
| Euro commercial paper                        | 276,734                     | 64,588             |                |                  |                      |                | 341,322              |       |
| Euro medium term notes                       |                             | 102,677            | 131,431        | 45,199           |                      |                | 279,307              |       |
| Eurobonds                                    | 62,179                      | 229,241            | 307,705        | 891,134          | 129,236              |                | 1,619,495            |       |
| Globals                                      |                             |                    | 57,894         |                  |                      |                | 57,894               |       |
| Samurai bonds                                |                             | 93,591             | 38,692         | 187,931          |                      |                | 320,214              |       |
| Yankee bonds                                 |                             |                    |                |                  |                      |                |                      |       |
| Yen private loans                            |                             |                    | 202,207        | 162,033          |                      |                | 364,240              |       |
| Cross currency swaps                         |                             | (16,238)           | (80,775)       | (29,764)         |                      |                | (126,777)            |       |
| <b>Total Offshore Borrowings</b>             | <b>338,913</b>              | <b>473,859</b>     | <b>657,154</b> | <b>1,256,533</b> | <b>129,236</b>       |                | <b>2,855,695</b>     |       |
| <b>Other Financial Liabilities</b>           |                             |                    |                |                  |                      |                |                      |       |
| Accounts and other payables                  |                             |                    |                |                  |                      | 3,744          | 3,744                |       |
| Accrued interest payable                     |                             |                    |                |                  |                      | 325,350        | 325,350              |       |
| Provisions                                   |                             |                    |                |                  |                      | 1,043          | 1,043                |       |
| <b>Total Other Financial Liabilities</b>     |                             |                    |                |                  |                      | <b>330,137</b> | <b>330,137</b>       |       |

## Financial Assets

| 2001   | Next interest repricing in: |                       |                 |                  |                         |                         | Total            |
|--|-----------------------------|-----------------------|-----------------|------------------|-------------------------|-------------------------|------------------|
|  | Less than<br>3 months       | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years | Non interest<br>bearing |                  |
|  | \$000's                     | \$000's               | \$000's         | \$000's          | \$000's                 | \$000's                 |                  |
| <b>Cash Assets</b>                               |                             |                       |                 |                  |                         |                         |                  |
| Cash at bank and on hand                         | 1,930                       |                       |                 |                  |                         |                         | 1,930            |
| Deposits with futures clearing house             | 1,881                       |                       |                 |                  |                         |                         | 1,881            |
| Receivables from financial institutions          | 702,217                     |                       |                 |                  |                         |                         | 702,217          |
| Short term discounted securities                 | 2,829,307                   |                       |                 |                  |                         |                         | 2,829,307        |
| <b>Total Cash Assets</b>                         | <b>3,535,335</b>            |                       |                 |                  |                         |                         | <b>3,535,335</b> |
| <b>Investments</b>                               |                             |                       |                 |                  |                         |                         |                  |
| Stock lending                                    |                             |                       |                 |                  |                         | 65,000                  | 65,000           |
| Floating rate securities                         | 147,297                     |                       |                 |                  |                         |                         | 147,297          |
| Short term discounted securities                 |                             | 349,800               |                 |                  |                         |                         | 349,800          |
| Offshore issued securities                       | 15,098                      | 23,821                | 62,092          | 33,171           |                         |                         | 134,182          |
| Fixed interest securities                        |                             |                       | 762,706         | 1,086,163        | 106,348                 |                         | 1,955,217        |
| Financial instruments sold but not yet purchased |                             |                       |                 |                  | (178,415)               |                         | (178,415)        |
| Index linked securities                          |                             |                       | 4,562           |                  | 169,995                 |                         | 174,557          |
| Index linked securities at historical cost       |                             | 3,313                 |                 |                  | 462,440                 |                         | 465,753          |
| Forward rate agreements                          |                             | 2                     |                 |                  |                         |                         | 2                |
| <b>Total Investments</b>                         | <b>162,395</b>              | <b>376,936</b>        | <b>829,360</b>  | <b>1,119,334</b> | <b>560,368</b>          | <b>65,000</b>           | <b>3,113,393</b> |
| <b>Loans to Participating Authorities</b>        |                             |                       |                 |                  |                         |                         |                  |
| Overnight & short term cash                      | 76,180                      |                       |                 |                  |                         |                         | 76,180           |
| Short term discounted loans                      | 33,221                      | 89,931                |                 |                  |                         |                         | 123,152          |
| Floating rate loans                              | 160,872                     |                       |                 |                  |                         |                         | 160,872          |
| Fixed interest loans                             | 128,969                     | 175,049               | 630,740         | 2,296,250        | 4,345,854               |                         | 7,576,862        |
| Index linked loans                               | 1,805                       |                       | 143,425         | 71,379           | 766,522                 |                         | 983,131          |
| Fixed interest loans at historical cost          | 87                          | 324                   | 584             | 2,924            | 107,846                 |                         | 111,765          |
| Interest rate swaps                              | 52                          |                       |                 |                  |                         |                         | 52               |
| <b>Total Loans to Participating Authorities</b>  | <b>401,186</b>              | <b>265,304</b>        | <b>774,749</b>  | <b>2,370,553</b> | <b>5,220,222</b>        |                         | <b>9,032,014</b> |
| <b>Other Financial Assets</b>                    |                             |                       |                 |                  |                         |                         |                  |
| Receivables and prepayments                      |                             |                       |                 |                  |                         | 7,615                   | 7,615            |
| Accrued interest receivable                      |                             |                       |                 |                  |                         | 390,121                 | 390,121          |
| <b>Total Other Financial Assets</b>              |                             |                       |                 |                  |                         | <b>397,736</b>          | <b>397,736</b>   |

## Financial Liabilities

| 2001   | Next interest repricing in: |                       |                 |                  |                         |                         | Total            |
|--|-----------------------------|-----------------------|-----------------|------------------|-------------------------|-------------------------|------------------|
|  | Less than<br>3 months       | 3 months<br>to 1 year | 1 to<br>2 years | 2 to<br>5 years  | Greater than<br>5 years | Non interest<br>bearing |                  |
|  | \$000's                     | \$000's               | \$000's         | \$000's          | \$000's                 | \$000's                 |                  |
| <b>Deposits from Public Sector</b>           | 2,626,606                   | 44,328                |                 |                  |                         |                         | 2,670,934        |
| <b>Domestic Borrowings</b>                   |                             |                       |                 |                  |                         |                         |                  |
| Hotstocks                                    |                             |                       |                 | 2,010,184        | 4,198,825               |                         | 6,209,009        |
| Payables to financial institutions           | 203,084                     | 500                   |                 |                  |                         |                         | 203,584          |
| Stock lending                                |                             |                       |                 |                  |                         | 65,000                  | 65,000           |
| Promissory notes                             |                             |                       |                 |                  |                         |                         |                  |
| Long term bonds                              | 1,240,337                   | 45,780                | 38,617          | 128,282          | 343,635                 |                         | 1,796,651        |
| Commonwealth Government                      |                             | 970                   | 897             | 46,579           | 3,155                   |                         | 51,601           |
| Indexed linked securities                    | 922                         | 8,318                 | 77,212          | 81,175           | 915,510                 |                         | 1,083,137        |
| Indexed linked securities at historical cost |                             |                       |                 |                  | 577,150                 |                         | 577,150          |
| Interest rate swaps                          | (76,864)                    | 28,857                | 39,757          | 44,892           | (46,800)                |                         | (10,158)         |
| <b>Total Domestic Borrowings</b>             | <b>1,367,479</b>            | <b>84,425</b>         | <b>156,483</b>  | <b>2,311,112</b> | <b>5,991,475</b>        | <b>65,000</b>           | <b>9,975,974</b> |
| <b>Offshore Borrowings</b>                   |                             |                       |                 |                  |                         |                         |                  |
| Euro medium term notes                       |                             | 13,555                | 106,023         | 191,597          |                         |                         | 311,175          |
| Eurobonds                                    | 155,805                     | 522,993               | 315,647         | 428,947          | 121,155                 |                         | 1,544,547        |
| Globals                                      |                             |                       |                 | 61,055           |                         |                         | 61,055           |
| Samurai bonds                                |                             |                       | 100,322         | 272,333          |                         |                         | 372,655          |
| Yankee bonds                                 |                             | 281,187               |                 |                  |                         |                         | 281,187          |
| Yen private loans                            |                             | 251,139               |                 | 403,918          |                         |                         | 655,057          |
| Cross currency swaps                         | (15,857)                    | (224,488)             | (32,949)        | (165,280)        |                         |                         | (438,574)        |
| <b>Total Offshore Borrowings</b>             | <b>139,948</b>              | <b>844,386</b>        | <b>489,043</b>  | <b>1,192,570</b> | <b>121,155</b>          |                         | <b>2,787,102</b> |
| <b>Other Financial Liabilities</b>           |                             |                       |                 |                  |                         |                         |                  |
| Accounts and other payables                  |                             |                       |                 |                  |                         | 2,132                   | 2,132            |
| Accrued interest payable                     |                             |                       |                 |                  |                         | 509,885                 | 509,885          |
| Provisions                                   |                             |                       |                 |                  |                         | 852                     | 852              |
| <b>Total Other Financial Liabilities</b>     |                             |                       |                 |                  |                         | <b>512,869</b>          | <b>512,869</b>   |

**Note 15(ii): Weighted Average Yields**

Weighted average yields as at balance date are presented in the following table.

|   | 2002<br>Less than<br>1 year<br>% | 2002<br>1 to 5<br>years<br>% | 2002<br>Greater than<br>5 years<br>% | 2001<br>Less than<br>1 year<br>% | 2001<br>1 to 5<br>years<br>% | 2001<br>Greater than<br>5 years<br>% |
|---|----------------------------------|------------------------------|--------------------------------------|----------------------------------|------------------------------|--------------------------------------|
| <b>Cash and Cash Equivalents</b>          |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.75                             |                              |                                      | 5.00                             |                              |                                      |
| Fixed                                     | 4.88                             |                              |                                      | 5.02                             |                              |                                      |
| <b>Investments</b>                        |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.91                             |                              |                                      | 5.03                             |                              |                                      |
| Fixed                                     | 5.14                             | 5.78                         | 6.17                                 | 5.04                             | 5.68                         | 5.82                                 |
| Indexed                                   | 2.59                             |                              | 3.44                                 |                                  | 3.14                         | 3.46                                 |
| <b>Loans to Participating Authorities</b> |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.89                             |                              |                                      | 4.96                             |                              |                                      |
| Fixed                                     | 5.11                             | 5.72                         | 6.18                                 | 4.99                             | 5.71                         | 6.25                                 |
| Indexed                                   | 2.49                             | 2.97                         | 3.22                                 | 3.84                             | 3.13                         | 3.37                                 |
| <b>Deposits Public Sector</b>             |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.75                             |                              |                                      | 5.16                             |                              |                                      |
| Fixed                                     | 4.88                             |                              |                                      | 4.99                             |                              |                                      |
| <b>Domestic Borrowings</b>                |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.75                             |                              |                                      | 5.00                             |                              |                                      |
| Fixed                                     | 4.86                             | 5.73                         | 6.23                                 | 4.92                             | 5.75                         | 6.28                                 |
| Indexed                                   | 2.49                             | 2.93                         | 3.28                                 | 3.93                             | 3.19                         | 3.36                                 |
| <b>Offshore Borrowings</b>                |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  |                                  |                              |                                      |                                  |                              |                                      |
| Fixed                                     | 3.67                             | 5.28                         | 6.41                                 | 4.57                             | 5.42                         | 6.55                                 |
| <b>Interest Rate Swaps</b>                |                                  |                              |                                      |                                  |                              |                                      |
| Floating                                  | 4.97                             |                              |                                      | 5.03                             |                              |                                      |
| Fixed                                     | 5.28                             | 6.02                         | 5.80                                 | 5.03                             | 5.70                         | 5.13                                 |
| Indexed                                   |                                  |                              | 3.30                                 |                                  |                              | 3.30                                 |

**Note 16: Net Fair Value of Indexed Based Structures**

Certain indexed based structures are accounted for on the historical cost basis and were established to isolate positions converted from Budget Sector indexed debt to nominal debt. The rationale for accounting on the historical cost basis is that as these positions are to be held to maturity, the final outcome for TCV will reflect the historical values. The positions comprise capital indexed investments, indexed annuities issued by TCV, an indexed swap and credit foncier loans to the Budget Sector.

The methods and assumptions for calculating a net fair value of these positions are:

1. The cash flows for the credit foncier loans are calculated and discounted using standard discounting methods;
2. The Capital Indexed Bonds and Indexed Annuity Bonds are priced using standard pricing conventions; and

3. The Indexed swap has been valued using market rates and a calculation convention developed at the inception of the transaction.

In the opinion of the Directors' of the corporation this is a conservative approach to the assessment of net fair value. However, different outcomes may be reached due to varying assumptions regarding cashflow modelling, CPI projections, curve extrapolation techniques and market spreads.

|  | <b>Book<br/>Value<br/>2002</b> | <b>Net fair<br/>Value<br/>2002</b> | <b>Book<br/>Value<br/>2001</b> | <b>Net fair<br/>Value<br/>2001</b> |
|--|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
|  | \$000's                        | \$000's                            | \$000's                        | \$000's                            |
| Capital Indexed Bonds at historical cost | <b>464,030</b>                 | <b>462,510</b>                     | 465,753                        | 460,664                            |
| Credit Foncier Loans at historical cost  | <b>111,542</b>                 | <b>105,389</b>                     | 111,765                        | 104,371                            |
| Indexed Annuity Bonds at historical cost | <b>(571,498)</b>               | <b>(579,756)</b>                   | (574,238)                      | (575,655)                          |
| Indexed swap                             | <b>5,153</b>                   | <b>(2,129)</b>                     | 4,401                          | 3,727                              |
| Accrued Interest                         | <b>1,589</b>                   | <b>1,589</b>                       | 1,606                          | 1,606                              |
| Cash and other balances                  | <b>(10,816)</b>                | <b>(10,816)</b>                    | (9,287)                        | (9,287)                            |
| <b>Net Position</b>                      | <b>0</b>                       | <b>(23,213)</b>                    | 0                              | (14,574)                           |

## Note 17: Derivative Financial Transactions and Risks

TCV enters into derivative financial instruments such as exchange traded futures and options, forward rate agreements, swaps and forward foreign exchange contracts to manage the interest rate and currency risk inherent in the borrowing and asset management activities of the Corporation (refer Note 14).

Forward rate agreements are entered into with expiration terms ranging out to twelve months. Interest rate swap contracts include fixed, floating and indexed cashflows. These net cashflows may occur quarterly, semi annually and annually. Maturity of these swaps range from less than six months to greater than five years. Maturity and interest rate risk information for forward rate agreements and interest rate swaps is disclosed in Notes 14 and 15. Notional amount, market value and credit exposure is disclosed below.

Currency swap contracts include cashflows on a quarterly, semi annual or annual basis. Maturity of these swaps range from less than six months to five years. Currency swaps have been entered into to swap cashflows on underlying borrowings and investments in foreign currency to Australian dollar cashflows. Details of currency swap contracts and underlying foreign currency borrowings are provided in Note 13 and Note 14.

Foreign exchange options and foreign exchange contracts at balance date (Australian dollar equivalents) are as follows (also refer Note 14):

### DERIVATIVES DISCLOSURE

#### Foreign exchange options

| Buy US dollars   | Sell Australian Dollars |         | Average Contract Rate |        |
|------------------|-------------------------|---------|-----------------------|--------|
|                  | 2002                    | 2001    | 2002                  | 2001   |
|                  | \$000's                 | \$000's |                       |        |
| Less than 1 year | <b>16,829</b>           | 82,775  | <b>0.7320</b>         | 0.7325 |
| 1-2 years        |                         | 18,723  |                       | 0.7320 |
| 2-5 years        |                         |         |                       |        |

| Sell US dollars  | Buy Australian Dollars |         | Average Contract Rate |        |
|------------------|------------------------|---------|-----------------------|--------|
|                  | 2002                   | 2001    | 2002                  | 2001   |
|                  | \$000's                | \$000's |                       |        |
| Less than 1 year | <b>16,829</b>          | 82,775  | <b>0.7320</b>         | 0.7325 |
| 1-2 years        |                        | 18,723  |                       | 0.7320 |
| 2-5 years        |                        |         |                       |        |

## Foreign exchange contracts

| Buy US dollars   | Sell Australian Dollars |         | Average Contract Rate |        |
|------------------|-------------------------|---------|-----------------------|--------|
|                  | 2002                    | 2001    | 2002                  | 2001   |
|                  | \$000's                 | \$000's |                       |        |
| Less than 1 year | <b>18,615</b>           | 29,082  | <b>0.5872</b>         | 0.6164 |
| 1-2 years        | <b>15,144</b>           | 19,708  | <b>0.5850</b>         | 0.5899 |
| 2-5 years        | <b>5,022</b>            | 15,767  | <b>0.5149</b>         | 0.5895 |

| Sell US dollars  | Buy Australian Dollars |         | Average Contract Rate |        |
|------------------|------------------------|---------|-----------------------|--------|
|                  | 2002                   | 2001    | 2002                  | 2001   |
|                  | \$000's                | \$000's |                       |        |
| Less than 1 year | <b>16,844</b>          | 29,082  | <b>0.5769</b>         | 0.6086 |
| 1-2 years        | <b>16,915</b>          | 17,737  | <b>0.5737</b>         | 0.5793 |
| 2-5 years        | <b>5,022</b>           | 17,737  | <b>0.5139</b>         | 0.5769 |

| Sell Japanese yen |           |    |              |       |
|-------------------|-----------|----|--------------|-------|
| Less than 1 year  | <b>81</b> |    | <b>62.50</b> |       |
| 1-2 years         | <b>15</b> | 86 | <b>55.02</b> | 62.50 |
| 2-5 years         |           | 16 |              | 55.02 |

### Interest rate risk and credit risk

The three major risks involved with financial instruments are:

- Market (interest rate and foreign exchange)
- liquidity
- credit

Interest rate risk inherent in TCV's asset and liability management activities is monitored on a daily basis against Board approved limits using the Value at Risk methodology. Value at Risk is a measure of the estimated loss faced by TCV within a certain level of confidence over a given holding period under normal market conditions.

Derivatives exposure to market and liquidity risk is minimised by:

1. the Corporation not being a price maker in derivative financial instruments but being a price taker in its use of derivatives;
2. the Corporation dealing in highly liquid markets in respect of the futures transactions.

Credit risk, which arises due to the potential of a counterparty to default under the terms of an investment or derivative contract, is monitored daily against prudentially set credit limits for each counterparty. The Corporation maintains a wide range of approved counterparties.

TCV's maximum credit risk to the various classes of financial assets is represented by the market value of those assets, except for certain derivative transactions—swaps, forward rate agreements, forward foreign exchange contracts and options. The assessed credit exposure of these instruments is expressed as the credit equivalent amounts (current replacement value and an allowance for potential future exposure) and is calculated in accordance with the Australian Prudential Regulation Authority's (APRA) capital adequacy guidelines. TCV's loans to Participating Authorities are guaranteed by the Government of Victoria and are, therefore, considered to be credit risk free.

#### Notional Amount and Credit Exposure of Derivatives

| Category of derivative            | 2002               | 2002            | 2002                            | 2001               | 2001            | 2001                            |
|-----------------------------------|--------------------|-----------------|---------------------------------|--------------------|-----------------|---------------------------------|
|                                   | Notional<br>Amount | Market<br>Value | Assessed<br>Credit<br>Exposure* | Notional<br>Amount | Market<br>Value | Assessed<br>Credit<br>Exposure* |
|                                   | \$000's            | \$000's         | \$000's                         | \$000's            | \$000's         | \$000's                         |
| Currency swaps                    | 2,648,508          | (3,608)         | 386,173                         | 7,065,918          | 8,634           | 1,229,625                       |
| Interest rate swaps               | 5,613,330          | (7,442)         | 88,023                          | 7,038,026          | 8,624           | 120,647                         |
| Forward rate agreements           | 550,000            | 38              | 112                             | 300,000            | 2               | 48                              |
| Foreign exchange contracts        | 77,657             | (16,101)        | 10,398                          | 129,216            | 845             | 13,989                          |
| Foreign exchange options          | 33,658             |                 | 3,219                           | 202,996            |                 | 28,648                          |
| Exchange traded futures contracts | 491,100            | (472)           |                                 | 824,400            | (519)           |                                 |

\* The exposures as detailed are gross prior to risk weighting. No account is taken of the value of any collateral or other security arrangements nor have any exposures been netted for credit purposes.

The capital required to support credit risk, calculated in accordance with the APRA prudential statements in relation to capital adequacy was \$38.6 million (based on TCV's requirement to maintain a minimum capital adequacy ratio of 8% of risk weighted assets). At 30 June 2002, after allowing \$6.003 million of capital to support market risk, TCV held \$125.047 million of capital to support credit risk.

#### Concentration of Credit Risk—by credit rating (Standard & Poors)

| 2002                   | AAA       | AA+/AA/AA- | A+/A/A- | Victorian Public<br>Authorities | Other   | Total     |
|------------------------|-----------|------------|---------|---------------------------------|---------|-----------|
|                        | \$000's   | \$000's    | \$000's | \$000's                         | \$000's | \$000's   |
| Cash Assets            | 64,824    | 2,451,384  | 129,490 |                                 |         | 2,645,698 |
| Securities Investments | 1,659,169 | 1,240,410  | 19,060  | 187,163                         | *53,346 | 3,159,148 |
| Derivatives            | 129,873   | 345,901    | 11,506  | 645                             |         | 487,925   |
|                        | 1,853,866 | 4,037,695  | 160,056 | 187,808                         | 53,346  | 6,292,771 |

\* Although these securities are not rated by Standard & Poor's, they are rated Aaa by Moody's Investors Services.

**Concentration of Credit Risk—by type of counterparty**

| 2002                   | Commonwealth<br>Government | State<br>Government | Foreign<br>Government | Banks     | Non-bank<br>Financial<br>Institution | Other<br>Victorian<br>Public<br>Authorities | Total     |
|------------------------|----------------------------|---------------------|-----------------------|-----------|--------------------------------------|---|-----------|
|                        | \$000's                    | \$000's             | \$000's               | \$000's   | \$000's                              | \$000's                                     | \$000's   |
| Cash Assets            |                            |                     |                       | 2,390,886 | 254,812                              |   | 2,645,698 |
| Securities Investments | 491,457                    | 637,632             | 905                   | 1,387,992 | 453,999                              | 187,163                                     | 3,159,148 |
| Derivatives            |                            |                     | 2,345                 | 338,100   | 146,835                              | 645   | 487,925   |
|                        | 491,457                    | 637,632             | 3,250                 | 4,116,978 | 855,646                              | 187,808                                     | 6,292,771 |

**Concentration of Credit Risk—by credit rating (Standard & Poors)**

| 2001        | AAA       | AA+/AA/AA- | A+/A/A- | BBB     | Victorian Public<br>Authorities | Other   | Total     |
|-------------|-----------|------------|---------|---------|---------------------------------|---------|-----------|
|             | \$000's   | \$000's    | \$000's | \$000's | \$000's                         | \$000's | \$000's   |
| Cash Assets | 222,627   | 2,911,180  | 401,528 |         |                                 |         | 3,535,335 |
| Investments | 1,691,902 | 1,443,171  | 39,849  |         | 97,439                          | *93,436 | 3,365,797 |
| Derivatives | 470,437   | 867,895    | 54,066  | 379     | 180                             |         | 1,392,957 |
|             | 2,384,966 | 5,222,246  | 495,443 | 379     | 97,619                          | 93,436  | 8,294,089 |

\* Although these securities are not rated by Standard & Poors, all securities in this category are rated Aaa by Moody's Investors Service.

**Concentration of Credit Risk—by type of counterparty**

| 2001        | Commonwealth<br>Government | State<br>Government | Foreign<br>Government | Banks     | Non-bank<br>Financial<br>Institution | Other Victorian<br>Public<br>Authorities | Total     |
|-------------|----------------------------|---------------------|-----------------------|-----------|--------------------------------------|--|-----------|
|             | \$000's                    | \$000's             | \$000's               | \$000's   | \$000's                              | \$000's                                  | \$000's   |
| Cash Assets |                            |                     |                       | 3,179,436 | 355,899                              |  | 3,535,335 |
| Investments | 561,520                    | 794,446             | 8,891                 | 1,725,255 | 178,246                              | 97,439                                   | 3,365,797 |
| Derivatives |                            |                     |                       | 1,392,777 |                                      | 180                                      | 1,392,957 |
|             | 561,520                    | 794,446             | 8,891                 | 6,297,468 | 534,145                              | 97,619                                   | 8,294,089 |

**Note 18: Superannuation**

TCV made contributions to the following superannuation funds for staff and directors:

| Name of Fund                           | Contributions<br>Made<br>2002 | Contributions<br>Made<br>2001 |
|--|-------------------------------|-------------------------------|
| TCV Superannuation Fund                | 479,209                       | 335,933                       |
| Government Superannuation Office       | 19,234                        | 24,163                        |
| VicSuper Pty Ltd                       | 2,785                         | 2,079                         |
| National Australia Trustees Limited    | 18,695                        | 9,298                         |
| The Astbury Family Superannuation Fund | 2,400                         | 2,200                         |
| Commonwealth Life Limited              |                               | 384                           |
| BT Superannuation Fund                 |                               | 40,000                        |
| D&J Super Fund                         | 926                           |                               |
| The KOB Superannuation Fund            | 2,377                         |                               |

Superannuation contributions were made at least equivalent to the minimum 8% Superannuation Guarantee Charge contribution level. Several staff elected to have a greater proportion of their remuneration paid as superannuation on a salary sacrifice basis.

The TCVSF is a fully funded accumulation fund with no unfunded liabilities and TCV has made all payments to cover its liability for members of that fund. All payments due for employees and directors who are members of other funds have also been made.

**Note 19: Auditor's Remuneration**

Amounts received or due and receivable by the Auditor-General in relation to the audit of the TCV financial statements for the year ended 30 June 2002:

|                 | 2002    | 2001    |
|-----------------|---------|---------|
| Auditor General | 122,375 | 115,500 |

**Note 20: Related Party Information**

TCV is the central financing authority for the State of Victoria. TCV provides treasury services to the Budget Sector and Participating Authorities in the Non Budget Sector. TCV also provides financial advice and analytical services to Participating Authorities and Government Departments and agencies.

Details of loan and deposit facilities provided as at 30 June 2002 are set out in Notes 7, 9 and 10. All transactions are priced in accordance with TCV's policies.

For the purposes of Part 9.4 of the Directions of the Minister for Finance under the *Financial Management Act 1994*, the following Directors together with the Honourable John Brumby MP, Treasurer for Victoria, are or have been the responsible persons of TCV:

Ian N. Ferres, Chairperson (Appointment effective from 1 January 2001 to 31 December 2002)  
 Reginald A.D. Nicolson, Deputy Chairman (Appointment ceased 31 December 2001)  
 John Astbury (Appointment effective from 22 August 2000 to 21 August 2003)  
 S. Carolyn H. Kay (Appointment effective from 15 April 2001 to 14 April 2004)  
 David Craig (Appointment effective from 22 August 2000 to 21 August 2003)  
 Michael Dontschuk (Appointment effective from 11 September 2000 to 3 September 2003)  
 Linda Jane Cutler (Appointment effective from 1 February 2002 to 31 January 2005)

TCV may enter into commercial arrangements with parties related to TCV Directors. These arrangements are conducted in the ordinary course of business and are entered into under normal commercial terms and conditions.

**Ian N. Ferres**

Group Managing Director, Australian Unity Limited  
Chairman, CMG CH China Investments Director, Amrad Corporation Limited  
Director, Victorian Funds Management Corporation (ceased 27/05/02)  
Chairman of the Advisory Board, Swiss Re Australia Ltd

**Reginald A.D. Nicolson**

Chairman, Telstra Super Pty Ltd  
Chairman, Bank of Tokyo Mitsubishi (Australia) Ltd

**S. Carolyn H. Kay**

Deputy Chair, Victorian Funds Management Corporation  
Director, Ansell Limited  
Deputy Chair, Art Foundation National Gallery of Victoria  
Advisor, Morgan Stanley  
Director, Mayne Group Limited

**John Astbury**

Director, Insurance Australia Group Ltd  
Director, MIM Holdings Ltd  
Member of the Advisory Council, Freshfood Australia Holdings Pty Ltd

**David Craig**

Director, VicSuper Pty Ltd  
Director, ANZ Staff Superannuation (Australia) Pty Ltd  
Merrill Lynch Investment Managers Ltd. (Member of the Compliance Committee)  
Lazard Asset Management Pacific Co. (Member of the Industry Advisory Panel)

**Linda Jane Cutler**

Managing Director and Chief Executive Officer, Plum Financial Services Pty Ltd

**Michael Dontschuk**

Nil

Balances with the Victorian Funds Management Corporation are recorded in Note 10.

TCV Directors have the benefit of indemnities given by the Treasurer of Victoria pursuant to the *Financial Management Act 1994* and by Victorian Managed Insurance Authority pursuant to the *Victorian Managed Insurance Authority Act 1996*.

## Note 21: Remuneration

### Directors

The total remuneration paid or payable to Directors for the year is \$592,750 (2001: \$585,037). These amounts include salary, performance bonuses and payments made to superannuation funds on behalf of Directors.

The following analysis of Directors' remuneration is provided:

| <b>Remuneration Paid</b> | <b>2002—No. of Directors</b> | <b>2001—No. of Directors</b> |
|--------------------------|------------------------------|------------------------------|
| \$400,000 to \$409,999   | 1                            | —                            |
| \$310,000 to \$319,999   | —                            | 1                            |
| \$80,000 to \$89,999     | —                            | 1                            |
| \$60,000 to \$69,999     | 1                            | 1                            |
| \$30,000 to \$39,999     | 3                            | 2                            |
| \$20,000 to \$29,999     | —                            | 2                            |
| \$10,000 to \$19,999     | 2                            | —                            |
| \$0 to \$9,999           | —                            | 1                            |

### Executive Officers

The following analysis of remuneration received or receivable by executive officers (excluding the Managing Director) is provided. Executive Officers are those with the delegated authority to manage the Corporation's business activities. Remuneration includes salary, performance bonuses, superannuation, fringe benefits (expense reimbursements, cars and car parking) and FBT paid by TCV in relation to benefits received.

| <b>Remuneration Paid</b> | <b>2002—No. of Executive Officers</b> | <b>2001—No. of Executive Officers</b> |
|--------------------------|---------------------------------------|---------------------------------------|
| \$260,000 to \$269,999   | 1                                     | —                                     |
| \$230,000 to \$239,999   | 1                                     | —                                     |
| \$220,000 to \$229,999   | —                                     | 1                                     |
| \$200,000 to \$209,999   | 1                                     | —                                     |
| \$190,000 to \$199,999   | 1                                     | 1                                     |
| \$160,000 to \$169,999   | —                                     | 1                                     |
| \$150,000 to \$159,999   | 1                                     | —                                     |
| \$140,000 to \$149,999   | —                                     | 1                                     |
| \$110,000 to \$119,999   | —                                     | 1                                     |
| \$90,000 to \$99,999     | —                                     | 1                                     |

The total remuneration paid to the above personnel for the year is \$1,051,235 (2001: \$934,726).

## Note 22: Contingencies/Commitments

From time to time, TCV has incurred contingent liabilities as part of its general function to engage in activities relating to the finances of the Victorian public sector, as is prescribed by its enabling legislation and approved by the Treasurer.

In this regard, indemnities have been provided by TCV to third parties involved either directly or indirectly in financing arrangements with TCV, which relate to the maintenance of the financial outcome expected to be available to those parties over the term of the transaction. TCV's exposure arising as a result of indemnities and other financial obligations of this type is itself either guaranteed or otherwise fully indemnified by the State of Victoria.

TCV is of the view that the existence of such supporting indemnification arrangements with the State of Victoria is sufficient to justify not raising any specific provisions in respect of the transactions referred to in the previous paragraph.

TCV has a commitment to provide funding to participating authorities to the extent of Treasurer's approval limits.

In order for State Electricity Commission of Victoria (SECV) to participate in the national electricity market administered by National Electricity Market Management Company Limited (NEMMCO), a guarantee must be provided to NEMMCO by an acceptable financial institution. The Corporation has provided such guarantee whereby it undertakes to pay to NEMMCO on demand any and all amounts to an aggregate amount not exceeding \$95,000,000 as at 30 June 2002 (\$96,800,000 as at 30 June 2001) as security for the obligations of SECV to NEMMCO.

The guarantee is issued pursuant to section 9 (1) of the *Treasury Corporation of Victoria Act 1992* and is approved by the Treasurer. The guarantee is fully supported by an indemnity from SECV and by non-withdrawable deposits which SECV is obliged to maintain with TCV an amount of 101% of the amount guaranteed.

### Traded Securities Not Yet Settled

| Category                   | Face value maturing in: |              |              |                      | Total    |
|----------------------------|-------------------------|--------------|--------------|----------------------|----------|
|                            | 3 months to 1 year      | 1 to 2 years | 2 to 5 years | Greater than 5 years |          |
|                            | \$000's                 | \$000's      | \$000's      | \$000's              |          |
| Fixed Interest Borrowings  |                         |              |              | (43,000)             | (43,000) |
| Index Linked Borrowings    |                         |              |              | 7,100                | 7,100    |
| Fixed Interest Loans       |                         |              | 2,000        | 171,225              | 173,225  |
| Fixed Interest Investments |                         |              | 2,000        |                      | 2,000    |
|                            |                         |              | 4,000        | 135,325              | 139,325  |

### Lease Commitments

Commitments in respect of non-cancellable operating leases due.

|   | 2002      | 2001      |
|---|-----------|-----------|
|   | \$        | \$        |
| Not later than 1 year                       | 576,976   | 572,208   |
| Later than 1 year but not more than 5 years | 977,521   | 1,554,497 |
| Later than 5 years                          |           |           |
|   | 1,554,497 | 2,126,705 |

## Other Commitments

Commitments in respect of the purchase of computer hardware and software during 2002/03 is \$591,971 (2001: \$746,000).

## Note 23: Taxation

TCV is not a tax payer under the Income Tax Assessment Acts, accordingly no income tax is applicable. TCV is also not subject to the Taxation under State Owned Enterprises Tax Equivalent system.

TCV predominantly provides input taxed supplies and as such may claim Goods and Services Tax credits in line with regulation 70-5.02 (Acquisitions that attract reduced input tax credits). Other expenditure as appropriate is inclusive of non recoverable GST.

## Note 24: Provisions

|                         | <u>2002</u>         | <u>2001</u>       |
|-------------------------|---------------------|-------------------|
|                         | \$000's             | \$000's           |
| Employee entitlements   | <u>1,043</u>        | <u>852</u>        |
| <b>Total Provisions</b> | <b><u>1,043</u></b> | <b><u>852</u></b> |

## Note 25: Notes Supporting Statement of Cash Flows

### (i) Cash flows presented on a net basis

Cash flows arising from:

- Payments for/sales of investment securities;
- Loans granted to/repaid from public authorities;
- Deposits accepted from/repaid to authorities;
- Proceeds from issuance of borrowings/repayment of borrowings;
- Movement in derivatives payable and receivable;

are presented on a net basis in the Statement of Cash Flows.

**(ii) Reconciliation of Net Cash from Operating Activities to Net Profit/(Loss)**

|  | 2002<br>\$000's  | 2001<br>\$000's  |
|--|------------------|------------------|
| Net profit/(loss) from ordinary activities                 | 13,860           | 17,137           |
| Amortisation: discount on investments                      | (28,011)         | 59,652           |
| discount on loans to authorities                           | 24,300           | 11,277           |
| discount on borrowings                                     | (61,483)         | (232,909)        |
| Revaluation of: investments                                | (3,056)          | 3,383            |
| loans to authorities                                       | 13,345           | (34,298)         |
| borrowings   | (25,732)         | (103,187)        |
| Depreciation of property, plant and equipment              | 1,001            | 1,036            |
| Decrease (Increase) in accounts receivable and prepayments | 3,077            | (3,757)          |
| (Decrease) Increase in accrued interest payable            | (184,535)        | (2,306)          |
| Decrease (Increase) in accrued interest receivable         | 135,381          | 12,769           |
| (Decrease) Increase in payables                            | (1,038)          | 655              |
| (Decrease) Increase in accrued employee benefits           | 191              | 70               |
| (Decrease) Increase in final indexation timing             | (23)             | 244              |
| <b>Net Cash from Operating Activities</b>                  | <b>(112,723)</b> | <b>(270,234)</b> |

**(iii) Financing Facilities**

\$US 100 million (2001: \$US 100 million) credit facility extended by the Euroclear Bank to facilitate securities transactions through the Euroclear system.

In addition to cash and cash equivalents, TCV holds a substantial portfolio of liquid assets that can be readily converted into cash. These assets comprise money market investments and Semi-Government and Commonwealth Government securities.

**Note 26: Transactions With Other Government Controlled Entities**

During the 2001/02 financial year transactions were undertaken with other Victorian Government controlled entities. These transactions are summarised as follows:

"Intra" is the aggregate transactions with the Department of Treasury and Finance. "Inter" reflects those transactions with other Victorian government departments/entities.

|             | 2002<br>\$000's<br>Intra | 2002<br>\$000's<br>Inter | 2002<br>\$000's<br>Total | 2001<br>\$000's<br>Total |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Assets      | 7,476,968                | 1,558,110                | 9,035,078                | 9,099,742                |
| Liabilities | 1,447,783                | 710,289                  | 2,158,072                | 1,361,875                |
| Revenue     | 502,922                  | 95,534                   | 598,456                  | 685,824                  |
| Expenses    | 55,072                   | 32,359                   | 87,431                   | 107,274                  |

**Note 27: Segment Reporting**

TCV operates from the one geographic location and transacts in the domestic and international financial market business segment, for the benefit of the State of Victoria, its Participating Authorities and other government entities.

TCV products and services predominantly incorporate financial market instruments, including loan and deposit facilities, securities, foreign exchange and associated risk management transactions, together with advisory and portfolio services.

## Certification of Financial Statements

In our opinion, the financial statements of the Treasury Corporation of Victoria, comprising the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, prepared for the year ended 30 June 2002:

- (a) present fairly the financial transactions of the Treasury Corporation of Victoria during the financial year ended 30 June 2002 and its financial position as at 30 June 2002, and
- (b) have been prepared in accordance with Australian Accounting Standards and the Financial Management Act 1994.

At the date of signing we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.



**IAN N. FERRES**  
Chairman  
Date: 2 September 2002



**MICHAEL DONTSCHUK**  
Managing Director  
Date: 2 September 2002



**MARK W. ENGEMAN**  
Chief Financial Officer  
Date: 2 September 2002

**2. DOMESTIC DEBT OF TREASURY CORPORATION OF VICTORIA WITHOUT PERIODIC PRINCIPAL PAYMENTS**

| <b>Maturity Date</b> | <b>Interest Rate<br/>(% per<br/>annum)</b> | <b>Year of<br/>Issue</b> | <b>Reference</b> | <b>Match</b> | <b>Principal Amount<br/>Outstanding at<br/>June 30, 2002</b> |
|----------------------|--|--------------------------|------------------|--------------|--|
| 7/1/02               | 5.200                                      | 1998-99                  | 374385.2         | 153          | 694,300  |
| 7/1/02               | 5.500                                      | 1993-94                  | 374385.5         | 154          | 258,600  |
| 7/1/02               | 8.500                                      | 1994-96                  | 374388.5         | 155          | 1,141,200  |
| 7/1/02               | 8.600                                      | 1994-96                  | 374388.6         | 156          | 860,900  |
| 7/1/02               | 9.000                                      | 1994-96                  | 374389           | 157          | 994,073  |
| 7/1/02               | 9.500                                      | 1993-94                  | 374389.5         | 158          | 9,000  |
| 7/1/02               | 9.700                                      | 1993-94                  | 374389.7         | 159          | 14,100   |
| 7/1/02               | 10.500                                     | 1993-94                  | 3743810.5        | 160          | 3,300  |
| 7/1/02               | 10.700                                     | 1993-94                  | 3743810.7        | 161          | 8,600  |
| 7/1/02               | 11.000                                     | 1993-94                  | 3743811          | 162          | 59,000   |
| 8/1/02               | 5.500                                      | 1996-97                  | 374695.5         | 163          | 1,000,000  |
| 8/6/02               | 5.45                                       | 1999-00                  | 374745.45        | 164          | 750,000  |
| 8/15/02              | 4.000                                      | 1988-91                  | 374834           | 165          | 17,700,000   |
| 8/20/02              | 4.000                                      | 1993-94                  | 374884           | 166          | 30,005,000   |
| 9/1/02               | 5.500                                      | 1993-94                  | 375005.5         | 167          | 160,000  |
| 9/4/02               | 6.950                                      | 1993-94                  | 375036.95        | 168          | 5,000,000  |
| 9/15/02              | 8.000                                      | 1993-94                  | 375148           | 169          | 5,000,000  |
| 10/1/02              | 5.500                                      | 1993-94                  | 375305.5         | 170          | 590,000  |
| 10/1/02              | 5.750                                      | 1993-94                  | 375305.75        | 171          | 2,000  |
| 10/1/02              | 8.750                                      | 1993-94                  | 375308.75        | 172          | 2,418,900  |
| 10/28/02             | 6.100                                      | 1999-00                  | 375576.1         | 173          | 750,000  |
| 11/4/02              | 6.000                                      | 1999-00                  | 375646           | 174          | 1,000,000  |
| 12/1/02              | 5.500                                      | 1993-94                  | 375915.5         | 175          | 70,000   |
| 12/8/02              | 6.000                                      | 1999-00                  | 375986           | 176          | 750,000  |
| 12/21/02             | 5.875                                      | 1993-94                  | 376115.875       | 177          | 2,090  |
| 12/21/02             | 6.400                                      | 1993-94                  | 376116.4         | 178          | 1,350  |
| 2/1/03               | 5.500                                      | 1993-94                  | 376535.5         | 179          | 0  |
| 2/17/03              | 6.700                                      | 1999-00                  | 376696.7         | 180          | 750,000  |
| 2/21/03              | 0.000                                      | 1990-91                  | 376730           | 181          | 8,000,000  |
| 3/21/03              | 6.350                                      | 1999-00                  | 377016.35        | 182          | 0  |
| 3/28/03              | 6.450                                      | 1999-00                  | 377086.45        | 183          | 1,500,000  |
| 4/1/03               | 12.600                                     | 1993-94                  | 3771212.6        | 184          | 4,600  |
| 5/1/03               | 5.250                                      | 1993-94                  | 377425.25        | 185          | 200,000  |
| 5/1/03               | 5.500                                      | 1993-94                  | 377425.5         | 186          | 0  |
| 5/15/03              | 5.500                                      | 1993-94                  | 377565.5         | 187          | 70,000   |
| 5/15/03              | 6.400                                      | 1999-00                  | 377566.4         | 188          | 750,000  |
| 5/16/03              | 6.500                                      | 1999-00                  | 377576.5         | 189          | 750,000  |
| 5/18/03              | 6.550                                      | 1999-00                  | 377596.55        | 190          | 1,000,000  |
| 6/1/03               | 5.250                                      | 1993-94                  | 377735.25        | 191          | 76,000   |
| 6/1/03               | 10.500                                     | 1993-94                  | 3777310.5        | 192          | 32,000   |
| 6/13/03              | 6  | 1999-00                  | 377856           | 194          | 750,000  |
| 6/19/03              | 6.05                                       | 1999-00                  | 377916.05        | 193          | 2,000,000  |
| 7/1/03               | 5.125                                      | 1993-94                  | 378035.125       | 195          | 1,040,000  |
| 7/1/03               | 7.500                                      | 1993-94                  | 378037.5         | 196          | 3,150,565  |
| 7/1/03               | 7.600                                      | 1993-94                  | 378037.6         | 197          | 6,311,743  |
| 7/10/03              | 5.95                                       | 2000-01                  |                  |              | 1,000,000  |
| 8/1/03               | 5.125                                      | 1993-94                  | 378345.125       | 198          | 125,000  |
| 8/11/03              | 6.25                                       | 2000-01                  |                  |              | 750,000  |

|          |        |         |            |     |               |
|----------|--------|---------|------------|-----|---------------|
| 8/15/03  | 5.125  | 1993-94 | 378485.125 | 199 | 337,000       |
| 9/1/03   | 5.500  | 1993-94 | 378655.5   | 200 | 150,000       |
| 9/11/03  | 6.3    | 2000-02 |            |     | 750,000       |
| 9/19/03  | 6.3    | 2000-01 |            |     | 750,000       |
| 9/26/03  | 6.2    | 2000-01 |            |     | 750,000       |
| 9/26/03  | 6.25   | 2000-02 |            |     | 750,000       |
| 10/1/03  | 5.750  | 1993-94 | 378955.75  | 201 | 2,100         |
| 10/1/03  | 7.000  | 1993-94 | 378957     | 202 | 639,006       |
| 10/1/03  | 7.500  | 1993-94 | 378957.5   | 203 | 3,866,607     |
| 10/10/03 | 6.15   | 2000-01 |            |     | 750,000       |
| 10/15/03 | 12.500 | 1989-93 | 3790912.5  | 204 | 742,385,000   |
| 11/6/03  | 6.1    | 2000-01 |            |     | 750,000       |
| 12/1/03  | 5.750  | 1993-94 | 379565.75  | 205 | 1,597,000     |
| 12/1/03  | 5.875  | 1993-94 | 379565.875 | 206 | 2,250         |
| 12/1/03  | 5.7    | 2000-02 |            |     | 750,000       |
| 12/12/03 | 5.45   | 2000-01 |            |     | 750,000       |
| 1/1/04   | 9.850  | 1993-94 | 379879.85  | 207 | 3,500         |
| 1/1/04   | 9.900  | 1993-94 | 379879.9   | 208 | 9,500         |
| 1/1/04   | 10.500 | 1993-94 | 3798710.5  | 209 | 22,000        |
| 1/1/04   | 10.800 | 1993-94 | 3798710.8  | 210 | 14,100        |
| 1/1/04   | 12.000 | 1993-94 | 3798712    | 211 | 2,400         |
| 1/1/04   | 13.200 | 1993-94 | 3798713.2  | 212 | 9,600         |
| 1/9/04   | 5      | 2000-01 |            |     | 1,000,000     |
| 1/12/04  | 5      | 2000-02 |            |     | 750,000       |
| 2/1/04   | 5.000  | 1996-97 | 380185     | 213 | 50,000        |
| 2/8/04   | 4.9    | 2000-01 |            |     | 750,000       |
| 2/9/04   | 4.9    | 2000-01 |            |     | 750,000       |
| 2/17/04  | 2.900  | 1993-94 | 380342.9   | 214 | 10,350,000    |
| 3/8/04   | 4.7    | 2000-02 |            |     | 750,000       |
| 3/14/04  | 4.6    | 2000-01 |            |     | 750,000       |
| 3/19/04  | 4.5    | 2000-01 |            |     | 750,000       |
| 3/20/04  | 4.45   | 2000-02 |            |     | 750,000       |
| 4/1/04   | 6.750  | 1993-94 | 380786.75  | 215 | 236,037       |
| 4/15/04  | 0.000  | 1988-89 | 380920     | 216 | 13,000,000    |
| 4/19/04  | 4.95   | 2000-01 |            |     | 750,000       |
| 7/1/04   | 8.750  | 1993-94 | 381698.75  | 217 | 1,699,723     |
| 7/15/04  | 0.000  | 1988-89 | 381830     | 218 | 2,354         |
| 9/25/04  | 4.5    | 2000-01 |            |     | 750,000       |
| 9/26/04  | 4.5    | 2000-02 |            |     | 750,000       |
| 10/1/04  | 5.500  | 1993-94 | 382615.5   | 219 | 332,500       |
| 10/1/04  | 9.750  | 1994-95 | 382619.75  | 220 | 2,973,860     |
| 10/1/04  | 9.850  | 1993-94 | 382619.85  | 221 | 2,400         |
| 11/9/04  | 4      | 2000-01 |            |     | 750,000       |
| 11/15/04 | 5.250  | 2000-01 | 383065.25  | 221 | 1,311,299,000 |
| 11/20/04 | 4.6    | 2000-01 |            |     | 750,000       |
| 1/1/05   | 16.000 | 1993-94 | 3835316    | 222 | 5,600         |
| 2/4/05   | 5.2    | 2000-02 |            |     | 750,000       |
| 2/19/05  | 5.25   | 2000-01 |            |     | 750,000       |
| 3/1/05   | 5.500  | 1993-94 | 384125.5   | 223 | 410,000       |
| 4/1/05   | 5.500  | 1993-94 | 384435.5   | 224 | 40,000        |
| 4/1/05   | 10.200 | 1994-95 | 3844310.2  | 225 | 7,072,000     |

|          |        |         |            |     |               |
|----------|--------|---------|------------|-----|---------------|
| 4/1/05   | 10.450 | 1994-95 | 3844310.45 | 226 | 4,269,569     |
| 4/16/05  | 5.55   | 2000-01 |            |     | 750,000       |
| 4/30/05  | 5.45   | 2000-02 |            |     | 750,000       |
| 6/1/05   | 5.750  | 1993-94 | 385045.75  | 227 | 100,000       |
| 6/12/05  | 5.62   | 2000-01 |            |     | 1,500,000     |
| 6/14/05  | 5.65   | 2000-01 |            |     | 750,000       |
| 7/1/05   | 5.500  | 1998-99 | 385345.5   | 228 | 200,000       |
| 7/1/05   | 9.000  | 1994-96 | 385349     | 229 | 7,132,481     |
| 7/1/05   | 9.400  | 1994-96 | 385349.4   | 230 | 3,429,004     |
| 8/20/05  | 4.000  | 1996-97 | 385844     | 231 | 10,700,000    |
| 9/1/05   | 6.400  | 1993-94 | 385966.4   | 232 | 20,000        |
| 9/12/05  | 5.500  | 1996-97 | 386075.5   | 233 | 100,000       |
| 9/30/05  | 9.900  | 1993-94 | 386259.9   | 234 | 50,000        |
| 10/1/05  | 5.500  | 1993-94 | 386265.5   | 235 | 400,000       |
| 10/1/05  | 5.750  | 1993-94 | 386265.75  | 236 | 1,100,000     |
| 10/1/05  | 8.750  | 1995-96 | 386268.75  | 237 | 1,521,600     |
| 10/1/05  | 8.850  | 1995-96 | 386268.85  | 238 | 2,303,500     |
| 1/1/06   | 8.250  | 1995-96 | 387188.25  | 239 | 2,322,284     |
| 1/1/06   | 8.700  | 1995-96 | 387188.7   | 240 | 841,154       |
| 1/1/06   | 10.500 | 1993-94 | 3871810.5  | 241 | 500,000       |
| 1/21/06  | 5.750  | 1993-94 | 387385.75  | 242 | 100,000       |
| 1/30/06  | 10.500 | 1975-76 | 3874710.5  | 243 | 400,000       |
| 2/21/06  | 0.000  | 1990-91 | 387690     | 244 | 16,000,000    |
| 3/1/06   | 5.500  | 1996-97 | 387775.5   | 245 | 40,000        |
| 4/1/06   | 5.750  | 1993-94 | 388085.75  | 246 | 340,000       |
| 4/1/06   | 7.750  | 1995-96 | 388087.75  | 247 | 1,427,885     |
| 4/1/06   | 8.000  | 1996-97 | 388088     | 248 | 1,241,288     |
| 5/1/06   | 5.750  | 1993-94 | 388385.75  | 249 | 500,000       |
| 6/1/06   | 5.750  | 1993-94 | 388695.75  | 250 | 250,000       |
| 6/19/06  | 5.875  | 1996-97 | 388875.875 | 251 | 100,000       |
| 7/1/06   | 5.750  | 1993-94 | 388995.75  | 252 | 515,000       |
| 7/1/06   | 8.300  | 1996-97 | 388998.3   | 253 | 1,406,263     |
| 7/1/06   | 8.500  | 1996-97 | 388998.5   | 254 | 463,137       |
| 7/1/06   | 8.600  | 1996-97 | 388998.6   | 255 | 681,177       |
| 7/1/06   | 8.750  | 1996-97 | 388998.75  | 256 | 339,405       |
| 9/1/06   | 5.750  | 1993-94 | 389615.75  | 257 | 100,000       |
| 9/1/06   | 5.875  | 1996-97 | 389615.875 | 258 | 60,000        |
| 10/1/06  | 5.750  | 1993-94 | 389915.75  | 259 | 2,010,000     |
| 11/1/06  | 5.875  | 1993-94 | 390225.875 | 260 | 50,000        |
| 11/15/06 | 10.250 | 1993-94 | 3903610.25 | 261 | 158,181,500   |
| 11/15/06 | 6.000  | 2000-01 | 390366     | 261 | 1,204,558,000 |
| 1/1/07   | 5.875  | 1993-94 | 390835.875 | 262 | 50,000        |
| 2/21/07  | 0.000  | 1990-91 | 391340     | 263 | 2,000,000     |
| 3/1/07   | 5.875  | 1993-94 | 391425.875 | 264 | 200,000       |
| 3/31/07  | 11.000 | 1977-78 | 3917211    | 265 | 300,000       |
| 4/1/07   | 5.875  | 1966-67 | 391735.875 | 266 | 482,000       |
| 9/1/07   | 5.500  | 1996-97 | 393265.5   | 267 | 200,000       |
| 9/1/07   | 5.875  | 1993-94 | 393265.875 | 268 | 299,300       |
| 11/1/07  | 1/5/00 | 1999-00 | 393875.5   | 269 | 100,000       |
| 12/1/07  | 5.875  | 1993-94 | 394175.875 | 270 | 8,500         |
| 1/1/08   | 5.875  | 1993-94 | 394485.875 | 271 | 20,000        |

|          |        |         |            |     |               |
|----------|--------|---------|------------|-----|---------------|
| 2/21/08  | 0.000  | 1990-91 | 394990     | 272 | 4,000,000     |
| 3/1/08   | 5.875  | 1993-94 | 395085.875 | 273 | 100,000       |
| 4/1/08   | 5.875  | 1996-97 | 395395.875 | 274 | 100,000       |
| 5/1/08   | 5.875  | 1993-94 | 395695.875 | 275 | 218,000       |
| 5/10/08  | 5.500  | 1996-97 | 395785.5   | 276 | 60,000        |
| 6/1/08   | 5.875  | 1993-94 | 396005.875 | 277 | 40,000        |
| 6/4/08   | 5.500  | 1996-97 | 396035.5   | 278 | 100,000       |
| 6/17/08  | 5.500  | 1996-97 | 396165.5   | 279 | 220,000       |
| 8/15/08  | 5.125  | 1993-94 | 396755.125 | 280 | 400,000       |
| 8/15/08  | 7.500  | 1996-97 | 396757.5   | 281 | 1,337,238,000 |
| 10/1/08  | 5.875  | 1993-94 | 397225.875 | 282 | 110,000       |
| 10/28/08 | 5.875  | 1996-97 | 397495.875 | 283 | 50,000        |
| 11/1/08  | 5.875  | 1993-94 | 397535.875 | 284 | 30,000        |
| 12/1/08  | 5.875  | 1993-94 | 397835.875 | 285 | 800,000       |
| 12/31/08 | 5.875  | 1968-69 | 398135.875 | 286 | 122,000       |
| 1/1/09   | 5.875  | 1993-94 | 398145.875 | 287 | 300,000       |
| 1/1/09   | 10.800 | 1993-94 | 3981410.8  | 288 | 4,000,000     |
| 2/1/09   | 5.875  | 1993-94 | 398455.875 | 289 | 330,000       |
| 3/1/09   | 5.875  | 1993-94 | 398735.875 | 290 | 550,000       |
| 4/1/09   | 5.875  | 1993-94 | 399045.875 | 291 | 180,000       |
| 6/30/09  | 5.875  | 1968-69 | 399945.875 | 292 | 50,000        |
| 7/1/09   | 5.875  | 1993-94 | 399955.875 | 293 | 1,125,000     |
| 10/1/09  | 5.500  | 1993-94 | 400875.5   | 294 | 400,000       |
| 10/1/09  | 6.400  | 1993-94 | 400876.4   | 295 | 240,000       |
| 10/3/09  | 6.400  | 1993-94 | 400896.4   | 296 | 150,000       |
| 11/1/09  | 6.400  | 1993-94 | 401186.4   | 297 | 113,200       |
| 12/31/09 | 6.400  | 1969-70 | 401786.4   | 298 | 50,000        |
| 1/1/10   | 6.400  | 1996-97 | 401796.4   | 299 | 500,000       |
| 4/1/10   | 6.400  | 1993-94 | 402696.4   | 300 | 526,000       |
| 8/1/10   | 7.400  | 1996-97 | 403917.4   | 301 | 200,000       |
| 9/1/10   | 7.400  | 1993-94 | 404227.4   | 302 | 300,000       |
| 9/15/10  | 5.500  | 1998-99 | 404365.5   | 303 | 1,295,872,000 |
| 10/1/10  | 5.750  | 1993-94 | 404525.75  | 304 | 200,000       |
| 1/1/11   | 7.400  | 1993-94 | 405447.4   | 305 | 20,000        |
| 1/11/11  | 9.000  | 1996-97 | 405549     | 306 | 7,400,000     |
| 2/12/11  | 7.400  | 1996-97 | 405867.4   | 307 | 100,000       |
| 2/13/11  | 13.400 | 1996-97 | 4058713.4  | 308 | 125,000       |
| 2/21/11  | 0.000  | 1990-91 | 405950     | 309 | 21,000,000    |
| 5/1/11   | 7.400  | 1993-94 | 406647.4   | 310 | 400,000       |
| 6/1/11   | 7.400  | 1993-94 | 406957.4   | 311 | 2,000,000     |
| 6/16/11  | 7.400  | 1996-97 | 407107.4   | 312 | 150,000       |
| 6/23/11  | 7.400  | 1993-94 | 407177.4   | 313 | 200,000       |
| 6/30/11  | 7.400  | 1970-71 | 407247.4   | 314 | 304,000       |
| 7/1/11   | 5.750  | 1993-94 | 407255.75  | 315 | 300,000       |
| 7/1/11   | 7.400  | 1993-94 | 407257.4   | 316 | 340,000       |
| 7/1/11   | 7.400  | 1998-99 | 407257.4   | 317 | 340,000       |
| 8/15/11  | 7.400  | 1971-72 | 407707.4   | 318 | 250,000       |
| 8/27/11  | 7.400  | 1971-72 | 407827.4   | 319 | 250,000       |
| 12/31/11 | 7.400  | 1971-72 | 409087.4   | 320 | 10,000        |
| 1/1/12   | 7.100  | 1993-94 | 409097.1   | 321 | 50,000        |
| 1/25/12  | 7.100  | 1971-72 | 409337.1   | 322 | 140,000       |

|          |        |         |            |     |                      |
|----------|--------|---------|------------|-----|----------------------|
| 2/1/12   | 5.750  | 1996-97 | 409405.75  | 323 | 100,000              |
| 2/18/12  | 7.100  | 1996-97 | 409577.1   | 324 | 150,000              |
| 4/21/12  | 6.400  | 1996-97 | 410206.4   | 325 | 300,000              |
| 4/28/12  | 6.400  | 1996-97 | 410276.4   | 326 | 250,000              |
| 5/26/12  | 5.875  | 1996-97 | 410555.875 | 327 | 100,000              |
| 6/28/12  | 6.400  | 1996-97 | 410886.4   | 328 | 250,000              |
| 6/30/12  | 7.100  | 1971-72 | 410907.1   | 329 | 430,000              |
| 7/1/12   | 5.875  | 1996-97 | 410915.875 | 330 | 800,000              |
| 7/1/12   | 6.400  | 1993-94 | 410916.4   | 331 | 400,000              |
| 8/1/12   | 6.400  | 1993-94 | 411226.4   | 332 | 1,225,000            |
| 8/20/12  | 4.000  | 1993-94 | 411414     | 333 | 18,100,000           |
| 10/13/12 | 6.400  | 1996-97 | 411956.4   | 334 | 200,000              |
| 10/15/12 | 6.250  | 2000-01 | 411976.25  | 334 | 858,330,000          |
| 2/1/13   | 6.400  | 1996-97 | 413066.4   | 334 | 450,000              |
| 8/16/13  | 5.875  | 1996-97 | 415025.875 | 334 | 300,000              |
| 8/23/13  | 5.875  | 1996-97 | 415095.875 | 334 | 100,000              |
| 8/28/13  | 5.875  | 1996-97 | 415145.875 | 334 | 100,000              |
| 10/1/13  | 5.875  | 1993-94 | 415485.875 | 334 | 300,000              |
| 12/1/13  | 5.875  | 1993-94 | 416095.875 | 334 | 200,000              |
| 12/15/13 | 8.900  | 1973-74 | 416238.9   | 334 | 45,000               |
| 4/1/14   | 5.875  | 1993-94 | 417305.875 | 334 | 450,000              |
| 4/1/14   | 8.900  | 1993-94 | 417308.9   | 334 | 1,000,000            |
| 5/1/14   | 5.875  | 1993-94 | 417605.875 | 334 | 250,000              |
| 6/15/14  | 10.350 | 1974-75 | 4180510.35 | 334 | 212,000              |
| 8/15/14  | 6.400  | 1996-97 | 418666.4   | 334 | 150,000              |
| 9/5/14   | 6.400  | 1996-97 | 418876.4   | 334 | 100,000              |
| 9/12/14  | 6.400  | 1996-97 | 418946.4   | 334 | 200,000              |
| 10/1/14  | 9.850  | 1993-94 | 419139.85  | 334 | 250,000              |
| 10/3/14  | 6.400  | 1996-97 | 419156.4   | 334 | 200,000              |
| 7/1/15   | 7.400  | 1993-94 | 421867.4   | 334 | 400,000              |
| 8/15/15  | 4.000  | 1993-94 | 422314     | 334 | 22,000,000           |
| 12/11/15 | 10.500 | 1996-97 | 4234910.5  | 334 | 200,000              |
| 3/5/16   | 7.400  | 1996-97 | 424347.4   | 334 | 100,000              |
| 9/1/16   | 10.700 | 1993-94 | 4261410.7  | 334 | 1,000,000            |
| 10/1/16  | 10.700 | 1993-94 | 4264410.7  | 334 | 1,000,000            |
| 11/26/16 | 7.400  | 1996-97 | 427007.4   | 334 | 100,000              |
| 8/15/17  | 11.000 | 1977-78 | 4296211    | 334 | 500,000              |
| 10/1/17  | 6.400  | 1996-97 | 430096.4   | 334 | 25,000               |
| 10/1/17  | 11.000 | 1993-94 | 4300911    | 334 | 3,000,000            |
| 8/15/18  | 5.000  | 1993-94 | 433275     | 334 | 10,000,000           |
| 8/15/20  | 4.000  | 1988-91 | 440584     | 334 | 95,591,000           |
|          |        |         |            |     | <b>7,343,590,101</b> |

**3. DOMESTIC DEBT OF TREASURY CORPORATION OF VICTORIA WITH PERIODIC PRINCIPAL PAYMENTS**

| <b>Indexed Annuity</b> | <b>Maturity Date</b> | <b>Interest Rate<br/>(% per annum)</b> | <b>Year of Issue</b> | <b>Face Value at Issue Date</b> | <b>Principal Amount Outstanding at June 30, 2002</b> |
|------------------------|----------------------|--|----------------------|---------------------------------|--|
| Credit Foncier         | October 15, 2003     | N.A.                                   | 1999-00              | 9,675,000                       | 6,570,000  |
| Credit Foncier         | November 1, 2003     | N.A.                                   | 1999-00              | (31,740)                        | 4,402  |
| Indexed Annuity        | August 20, 2004      | N.A.                                   | 1996-97              | 3,000,000                       | 610,497  |
| Credit Foncier         | December 15, 2005    | N.A.                                   | 1994-95              | 108,600,000                     | 22,678,815   |
| Credit Foncier         | September 25, 2006   | N.A.                                   | 1999-00              | 109,911                         | 10,298   |
| Indexed Annuity        | August 20, 2008      | N.A.                                   | 1996-97              | 36,700,000                      | 5,330,023  |
| Indexed Annuity        | November 20, 2008    | N.A.                                   | 1996-97              | 28,000,000                      | 9,520,600  |
| Credit Foncier         | July 15, 2010        | N.A.                                   | 1999-00              | 109,911                         | 3,640  |
| Credit Foncier         | December 15, 2010    | N.A.                                   | 1994-95              | 78,000,000                      | 35,907,209   |
| Indexed Annuity        | August 20, 2011      | N.A.                                   | 1994-95              | 21,233,573                      | 7,216,561  |
| Indexed Annuity        | March 15, 2012       | N.A.                                   | 1994-95              | 45,000,000                      | 25,311,180   |
| Indexed Annuity        | August 20, 2013      | N.A.                                   | 1996-97              | 31,000,000                      | 11,062,663   |
| Credit Foncier         | December 1, 2014     | N.A.                                   | 1999-00              | 117,252                         | 6,886  |
| Credit Foncier         | November 20, 2015    | N.A.                                   | 1996-97              | 15,200,000                      | 11,025,183   |
| Credit Foncier         | December 15, 2015    | N.A.                                   | 1,993                | 223,900,000                     | 86,589,479   |
| Credit Foncier         | November 20, 2016    | N.A.                                   | 1996-97              | 10,000,000                      | 7,587,566  |
| Credit Foncier         | December 15, 2021    | N.A.                                   | 1992-93              | 563,400,000                     | 347,914,229  |
| Credit Foncier         | December 15, 2025    | N.A.                                   | 1990-92              | 240,400,000                     | 119,009,644  |
| Credit Foncier         | December 15, 2030    | N.A.                                   | 1991-92              | 149,000,000                     | 122,999,663  |

**819,358,535.87**

**4. COMMONWEALTH FINANCIAL AGREEMENT AND SPECIFIC PURPOSE DEBT ASSUMED BY TREASURY CORPORATION OF VICTORIA ON JUNE 27, 1991**

| <b>Maturity Date</b> | <b>Interest Rate<br/>(% per annum)</b> | <b>Year of Issue</b> | <b>Principal Amount<br/>Outstanding at<br/>June 30, 2002</b> |
|----------------------|--|----------------------|--|
| July 15, 2003        | 5.2500                                 | 1996-97              | 26,235,700   |
| July 15, 2003        | 6.5000                                 | 1996-97              | 2,450,008  |
| February 15, 2004    | 5.2500                                 | 1996-97              | 16,275,689   |
| October 1, 2030      | 2.3250                                 | N/A                  | 158,352  |
| October 1, 2030      | 2.7125                                 | N/A                  | 14,270   |
| October 1, 2030      | 3.0000                                 | N/A                  | 980,799  |
| October 1, 2030      | 3.1000                                 | N/A                  | 543,362  |
| October 1, 2030      | 3.8750                                 | N/A                  | 106,278  |
|                      |  |                      | <b>46,764,458</b>  |

**6. INTERNATIONAL DEBT OF THE TREASURY CORPORATION OF VICTORIA**

(a) Bond Issues by Treasury Corporation of Victoria:

| <b>Maturity Date</b> | <b>Currency</b> | <b>Face Value at Issue</b> | <b>Interest Rate<br/>(% per annum)</b> | <b>A\$ Equivalent of<br/>Principal Amount<br/>Outstanding at<br/>June 30, 2002<sup>(1)(2)</sup></b> |
|----------------------|-----------------|----------------------------|--|---|
| September 4, 2002    | A\$             | 150,000,000                | 9.000                                  | 61,794,000  |
| March 18, 2003       | Yen             | 20,000,000,000             | 5.570                                  | 93,603,203  |
| April 7, 2003        | A\$             | 150,000,000                | 8.750                                  | 57,523,000  |
| July 9, 2003         | GBP             | 150,000,000                | 8.750                                  | 229,080,087   |
| September 30, 2003   | A\$             | 100,000,000                | 7.250                                  | 31,050,000  |
| October 15, 2003     | A\$             | 500,000,000                | 8.250                                  | 55,960,000  |
| March 15, 2004       | Yen             | 12,000,000,000             | 5.000                                  | 38,486,062  |
| December 9, 2004     | Yen             | 15,000,000,000             | 5.85                                   | 103,795,967   |
| December 21, 2004    | Yen             | 15,000,000,000             | 5.10                                   | 84,637,900  |
| November 29, 2005    | A\$             | 100,000,000                | 7.125                                  | 38,227,000  |
| August 31, 2011      | A\$             | 200,000,000                | 0.000                                  | 124,809,000   |
|                      |                 |                            |  | <b>918,966,219</b>  |

|                               |  |  |  |   |
|-------------------------------|--|--|--|---|
|                               |  |  |  | <b>A\$ Equivalent of<br/>Principal Amount<br/>Outstanding at<br/>June 30, 2002<sup>(1)(2)</sup></b> |
| <b>(b) Private Placements</b> |  |  |  | <b>341,043,891</b>  |

(c) Outstandings on US\$3,000,000,000 Euro Medium Term Note Program:

| <u>Maturity Date</u>                     | <u>Interest Basis</u> | <u>Currency</u> | <u>Face Value at Issue</u> | <u>A\$ Equivalent of Principal Amount Outstanding at June 30, 2002<sup>(1)(2)</sup></u> |
|--|-----------------------|-----------------|----------------------------|---|
| March 24, 2003                           | Fixed                 | A\$             | 100,000,000                | 100,000,000   |
| August 14, 2003                          | Fixed                 | A\$             | 100,000,000                | 32,750,000  |
| September 22, 2003                       | Fixed                 | A\$             | 100,000,000                | 27,210,000  |
| November 24, 2003                        | Fixed                 | CAD             | 250,000,000                | 67,780,253  |
| December 20, 2004                        | Fixed                 | A\$             | 800,000,000                | 800,000,000   |
| June 27, 2005                            | Fixed                 | A\$             | 100,000,000                | 41,701,000  |
|  |                       |                 |                            | <b>1,069,441,253</b>  |
|  |                       |                 |                            | <b>A\$ Equivalent of Principal Amount Outstanding at June 30, 2002<sup>(1)(2)</sup></b> |
| <b>(d) Commercial Paper Outstandings</b> |                       |                 |                            | <b>341,322,000</b>  |

(1) Before netting swap receivables against the original loans.

(2) Converted at the prevailing spot exchange rate on June 30, 2002. These rates (referred to as the units of foreign currency equivalent to one unit of Australian currency) were Yen 67.44; GBP 0.3696; CAD 0.8528.

(e) "In Substance" Defeasance

To enable the State Electricity Commission of Victoria ("SECV") to remove its Eurobond debt from its balance sheet and to repay its debt portfolio by applying proceeds from the privatization of the electricity distribution companies (see "Contingent Liabilities—Principal Public Authorities—Electricity Supply Industry"), SECV and TCV entered into an "in-substance" defeasance arrangement on December 1, 1995 whereby TCV agreed to make all payments under the Eurobond issues on behalf of SECV. The arrangement between SECV and TCV does not conflict with any of the terms and conditions of the Eurobonds and is consistent with the payment provisions of such terms and conditions. SECV remains the issuer of the securities and continues to be legally obliged to make payments of principal and interest. As a practical matter, however, interest and principal payments are made by TCV as agent for SECV. The arrangement does not impact upon SECV's relationship with the relevant bondholders and the guarantees of the Government of Victoria remain in full force and effect. The aggregate outstanding principal amount of these Eurobonds at June 30, 2002 was A\$265,201,000 and C\$110,883,000. These obligations are reflected in the balance sheet of TCV.

**7. DEBT OF PARTICIPATING AUTHORITIES AND STATE OF VICTORIA TO TREASURY CORPORATION OF VICTORIA (MARKET VALUE)**

| Participating Authority                        | At June 30, \$ millions |                  |                 |              |              |
|--|-------------------------|------------------|-----------------|--------------|--------------|
|  | 1998                    | 1999             | 2000            | 2001         | 2002         |
| Budget Sector Debt Portfolio/State of Victoria | \$ 11,683               | \$ 6,894         | \$ 6,100        | \$ 6,150     | \$ 6,150     |
| Gas authorities <sup>(1)</sup>                 | 1,499                   | —                | —               | —            | —            |
| Metropolitan water authorities <sup>(1)</sup>  | 2,402                   | 2,299            | 2,221           | 2,208        | 2,146        |
| Melbourne Port Corporation                     | 111                     | 105              | 84              | 73           | 71           |
| Docklands Authority                            | —                       | —                | —               | 116          | 140          |
| Rural Finance Corporation                      | 196                     | 219              | 249             | 306          | 305          |
| Other  | 147                     | 190              | 249             | 295          | 158          |
|  | <u>\$ 18,737</u>        | <u>\$ 16,038</u> | <u>\$ 8,903</u> | <u>9,032</u> | <u>8,970</u> |

- (1) Under debt centralization arrangements the debt obligations of these authorities to financial markets were replaced by equivalent obligations to TCV. As the authorities were privatized their debt obligations to TCV were repaid.